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ESTABLISHED 1887

# After Sanctions Law, U.S. Policy on Africa Is in State of Disarray

By David B. Ottaway ....

Washington Past Service
WASHINGTON — The passage
of the South African sanctions bill appears to have left U.S. policy in a weaker position to influence the

#### **NEWS ANALYSIS**

white government in Pretoria or to water government in Fresons of to act as peacemaker in the region.

Administration supporters and critics seem to agree that serious questions remain as to how those in charge of implementing the new U.S. policy will react. In effect, the Reagan administration has been ordered by Congress to carry out a sanctions policy that it vigorously opposed down to the last vote. Moreover, those in direct charge

of implementing it, Secretary of State George P. Shultz and the assistent secretary of state for Afri-can affairs, Chester A. Crocker, have been the administration's most vocal opponents of new sanctions, leaving open the question of whether they will work to implement or undermine the new gettough policy toward the South African governmen

"Congress can't legislate what people say at the State Department or the White House," said a Senate staff aide who added that U.S. credibility in southern Africa may have suffered a major blow. "We are making ourselves irrelevant un-til the administration comes up

with a policy we can all support." Senator Richard G. Lugar of Indiana, the Republican chairman of the Senate Foreign Relations Committee who Thursday led the battle to override President Ronald Reagan's veto, called passage of the sanctions bill "a new beginning for

#### RELATED ARTICLES

as of the Black Cancus in Congress were jubilant Page 3.

must recognize South Africa as one country. Page 6.

American foreign policy" toward South Africa; saying it showed that the United States "stands on the side of those struggling for democ-

entative Howard E. Wolpe of Michigan, the Democratic chairman of the House Foreign Affairs subcommittee on Africa, agreed with Mr. Lugar that U.S. policy was on the verge of a new era. But he noted that Congress, not the administration, has been reshaping the policy and warned that the result could be "continued

tion continue to run contrary to the new policy," he said. "We have a series of wholly inconsistent poli-See POLICY, Page 6



Charles the same

ter, and an unidentified nion on the Berlin Wall. Both were arrested and the companion had to be dragged from the wall.

#### American Seized After 2d Ramble Atop Berlin Wall

BERLIN - An American has en arrested by East German border guards after climbing onto the Berlin Wall, two months after he was detained in a similar incident,

A spokesman said John Runnings, 68, had scaled the wall near Potsdam Square in the western half of the city and had been arrested after he started running along it. Another man, whose identity was not known, was also detained, the pokesman added.

Mr. Runnings, from Seattle, was zeed by gnards in August after running along the wall and knock-ing chunks out of it with a hammer. He was released to the U.S. Embas-sy in West Berlin the following day. Diplomats said then that Mr. Runnings had a history of such

# Soviet Nuclear Submarine Burns Off Bermuda; 3 Die

## Sister Vessel Tows It Away From U.S.

By Celestine Bohlen MOSCOW - A fire aboard a

Soviet muclear submarine in waters off Bermuda killed three crew members and injured others, Tass

The Soviet news agency said Sat-urday that Moscow did not believe there was danger of "unauthorized action of weapons, a nuclear explo-sion or radioactive contamination of the environment" as a result of he fire, which broke out Friday.

Neither Tass nor Soviet officials provided further details on the accident Sunday.

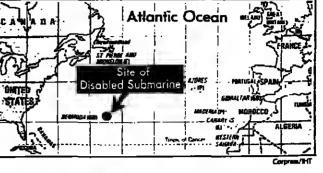
In Washington, a Pantagon spokesman said that a U.S. Navy surveillance aircraft had "observed the submarine on the surface," at 96 miles (1940 kilometers) east Cape Hatteras, North Carolina and 552 miles east of Bermuda.

The submarine began slowly moving again on its own power Sunday, then hooked up a line to another Soviet vessel that towed it away from the U.S. coast toward the northeast, the Pentagon said, The Associated Press reported from Washington. The fire on the submarine appeared to be out, said Major Larry Icenogle, a Pentagon

[The submarine began moving early Sunday afternoon under its own power at two nautical miles an hour, Major Icenogle said. But a little more than four hours later, around 5 P.M., he reported, "the Soviet sub is under tow by the Soviet merchant vessel Krasnogvar-

[U.S. planes detected no radiation from the crippled vessel, George P. Shultz, the U.S. secretary of state, said earlier in the day. "There are U.S. planes overhead, so we know that it's true that here's no additional radioactivity m the atmosphere," be said. "And I gather they have some method of suring what's going on in the

See SUBMARINE, Page 6





# Release of Radioactivity Is Unlikely, Experts Say

By Robert D. McFadden New York Times Service

NEW YORK - A large release of radioactivity from the fire-damaged Soviet submarine in the north Atlantic is highly unlikely, according to private and government ex-perts on nuclear technology. Even if such a release did occur,

they said Saturday, its dangers would be minimal to people in the countries bordering the Atlantic. The experts also said that there was no danger of a nuclear explosion, either in the submarine's reactor or in its nuclear-tipped ballistic

In order to detonate, a nuclear missile must be armed, and it can-

not otherwise be set off by a fire or a jarring, the experts said. They noted that Soviet and American submarine commanders were under orders not to arm the missiles unless they were about to be used. Contrary to a widely held belief,

nuclear reactor cannot explode in the sense that a nuclear bomb blows up, the experts said, though smaller chemical explosions of nuclear fuel are possible in a fire or runaway chain reaction.

"In a reactor, military or commercial, it's physically not possible for there to be a nuclear explo-" said Mark Mills, the president of Science Concepts Inc., an See NUCLEAR, Page 6

# Gorbachev to Press for a Missile Cut, Russians Say

By Gary Lee

Washington Past Service MOSCOW — When Mikhail S. Gorbachev meets with President Ronald Reagan on Saturday, the Soviet leader's aides say, his most promising prospect is to seal an agreement to scale back medium-

range missiles.
Such an accord would bring the arsenal of Soviet SS-20s aimed at Western Europe down to a token level and diminish the damage thet

By Paul Valentine

hington Post Service

NEW YORK - Yuri Orlov, a

Soviet dissident whose release from

Siberian exile was part of the U.S.-

Soviet agreement last week to free

Nicholas Daniloff, arrived Sunday

Shortly after stepping off an Aeroflot jet at Kennedy Interna-

tional Airport, Mr. Orlov said he

was grateful to "start a new life,"

and to "say whatever I want free-

But he added, "I have very com-

plicated feelings." He said he had

left his homeland and "my native

ngnage, my native culture." Mr. Otlov reportedly had hoped

owed to remain in the Soviet

to be released from exile but al-

Union as a free citizen. Some sup-

porters said he had not sought to

in the United States.

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R MORE

i SS:FiED!

Orlov Freed; Dissident

And Wife Arrive in U.S.

the U.S. Embassy.

employee at the United Nations

their deployment has done to Mos-

cow's image in Europe.

The Soviet-proposed meeting in Iceland could thus be interpreted as an escalation of the "charm offensive" aimed at Western Europe that Mr. Gorbachev initiated a year ago. In a speech then to members of the French Parliament, he called for "the speediest mutual reduc-

tion" of medium-range missiles.

doing he rejected the rigid stance that his predecessors took in November 1983, when they walked out of Geneva arms control negotiations to protest the stationing of Pershing-2 and cruise missiles by NATO in response to the buildup of SS-20s in the European part of the Soviet Union.

The Soviet comments came on Mr. Gorbachev later mounted a the heels of remarks Friday by ad-campaign for an accord on inter-



Yuri Orlov after his arrivalin New York on Sunday.

charged with espionage.

Mr. Orlov, 62, along with his wife, Irina, 40, spoke briefly at the airport. He described his health as 'not bad" and said his immediate East-West Helsinki accords of

plans were to continue studies as a physicist. Mrs. Orlov said, "I'm just happy that at last my husband is He made numerous reports to Western diplomats and reporters, alleging violations and was arrested and convicted under laws prohibit-Mr. Orlov had beaded the Mosrters said he had not sought to cow branch of an unofficial com-tigrate and viewed his part in the mittee established in 1976 to moniing anti-Soviet propaganda. He was sentenced in 1978 to seven Daniloff agreement as an expul- for Soviet compliance with the 'years in prison and five years in human rights provisions of the exile in Siberia.

mediate-range nuclear forces. In so ton that the Iceland meeting could produce "an agreement to agree" on how to resolve the long-standing differences on medium-range mis-

Western diplomats in Moscow regard the prospective Soviet agreement to dismantle the SS-20s as tantamount to an admission that the Kremlin made a political blunder in the 1970s when it began to pepper the European part of the country with 270 of the missles.

ference in Helsinki wby the Soviet Union had built up such a stockpile of SS-20s, Georgi Arbatov, director of the U.S.A. and Canada Institute. reportedly told journalisis: "Sometimes I wonder that myself." But by Western accounts there

Asked last week at a press con-

could be important benefits for Mr. Gorbachev if he, in effect, tacitly acknowledged the mistake and pushed Mr. Reagan for an accord on intermediate-range forces dur-ing their meeting in Iceland.

"If those SS-20s are ever really removed," said a West European diplomat, "everyone from Berlin lown to Rome will break out in nbilation at Moscow's peace ini-

When Mr. Gorbachev came out Jan. 15 with his blueprint for worldwide disarmament by the year 2000, it included a step-bystep plan for eliminating the Eurobased SS-20s, the 108 U.S.built Pershing-2 missiles in West Germany and the 256 U.S. cruise missiles already stationed in five West European countries.

Western analysts in Moscow regarded the European missiles as the Positions are viable. most plausible part of the package,

tached to other elements of the arms control negotiations.
Mr. Gorbachev, however, has

since dropped a condition that Washington back away from its commitment to the anti-missile defense system known as the Strategie Defense Initiative, or "star wars," before a deal on mediumrange missiles can be struck.

He has also apparently waived the original demand that cuts, or at least a freeze, in British and French arsenals be negotiated as part of an accord reducing medium-range

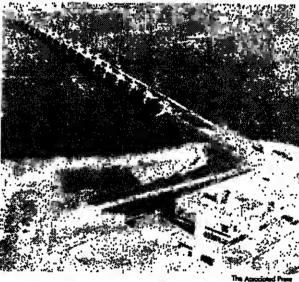
Complaining in a newspaper in-terview early last month that "not one inch" of progress on arms control had been made with Washington, Mr. Gorbachev sent a letter to Mr. Reagan with new proposals for reductions in intermediate-range forces and a suggestion that the two leaders meet.

On the eve of the meeting in Iceland, the "only substantive hang-up" in the negotiations on intermediate forces is a Soviet reluctance to include its 171 Asianhased SS-20s in the reductions, according to diplomatic sources in

"But I have the sense that there is flexibility of that point, too," a Western diplomat said.

Some Western diplomats in Moscow, and Soviet officials, too, interpret the hid for such an agreement as a reflection of the need for tangible success in its foreign policy, thus proving to critics that its new and sometimes controversial

But Soviet officials also said that See SUMMIT, Page 6



One of the huge new barriers that closes off the Eastern Scheldt estuary from the North Sea. At bottom right is the building that houses the project's control room.

# **Dutch Inaugurate Advanced Sea Barrier**

Project Is Final 'Finger in Dike'

By Joseph Lelyveld New York Times Service

NEELTJE JANS, Netherlands - Oueen Beatrix has pushed a button here dropping a row of steel gates on the cost-liest and technologically most advanced sea barrier the Dutch have erected in the nine centuries they have been battling the

its fiercest, the gates are each 500 tons in weight, 17 feet (5.16 meters) thick and 130 feet wide. In all, there are 62 of them, set between concrete piers in the Eastern Scheldt River's

Designed to repulse the sea at

three channels. In a strong southwester, comparable to the one in 1953 that drove the highest tides in recorded history against Zecland's dikes, with the loss of 1,835 lives, the 62 gates can be dropped simulta-

Stretching for a mile and a half (2.4 kilometers), the sea barrier is the largest Dutch public works project since the war, costing \$2.4 billion. A triumph of hydraulic engineering, it used new techniques and equip-ment and caps a 30-year project designed to virtually eliminate the chance of a recurrence of the 1953 disaster.

What is expected to be the last major water-control project m the Netherlands may be mactive most of its life, except for the highway atop the floodgates. A storm requiring the closing of the gates is likely to occur an average of once in five years, or 40 times in the structure's 200-year projected life-

termen, who resisted a plan to shut off the estuary completely with a dam, question whether the barrier was really necessary. The raising of dikes and other water-control measures in the last three decades, they say, make it unlikely that a storm as severe as the one of 1953 could again do much damage.

The barrier, planned in the

1970s after work on a solid dam had already begun and the disoute had nearly brought down a government, was conceived as a compromise to preserve a fragile ecological system of shellfish and birds. Because the storm barrier

will be open, except in emergen-cies, it will only marginally affect tides. By the same token, this most elaborate of watercontrol projects is also unusual in thet it yields no reclamation of land from the sea. The sheer scale of the engi-

neering achievement awed the doubters Saturday as Presidents François Mitterrand of France and Richard von Weizsacker of West Germany, along with the duke and duchess of York, joined 25,000 Nether-

See DUTCH, Page 6

# Turks Upset By U.S. Offer On Bases

By Loren Jenkins Washington Post Service ANKARA — Prime Minister

Turgut Ozal has expressed unhappiness at what he called the lack of scrious aid offers for renewing the accord on American use of major accept of renearest use of major nuclear-staging and intelligence-gathering facilities in his nation. "I think it is very clear that promises given by the U.S. admin-

istration are just promises, not commitments," Mr. Ozal said in an interview Friday. "Maybe we don't show our unhappiness like others show it, but it is there.

Mr. Ozal spoke as his foreign minister, Vahit Halefoglu, held an apparently unfruitful 35-minute meeting with Secretary of State George P. Shultz in New York about the deadlock over the renewal of the five-year U.S.-Turkish De-

fense and Economic Agreement.
The agreement technically expired in December, but automatically renews itself for a year at a time unless one side gives notice that it will cancel. Turkey has not threatened to cancel, as neighboring Greece has with its agreement with the United States, but has asked for terms to he renegotiated.

The agreement, signed in 1980, provides for U.S. use of Turkish military facilities in exchange for U.S. military and economic aid. Turkey, a nation of 51 million people, anchors the North Atlantic Treaty Organization's vulnerable eastern flank.

The accord allows the United States to maintain a strike force of several squadrons of air force F-16 fighter-bombers on the northern rim of the Middle East as well as to operate intelligence facilities that monitor communications, missile launches and nuclear tests in the Soviet Union.

While U.S. officials declined to speak about the subject, high-level Turkish officials maintained that the agreement also provides for the maintenance of U.S. nuclear-arms stockpiles, which they said include "actual planes with bombs waiting to fly in case of war."

Mr. Ozal and other Turkish officials indicated they believed they were providing the United States with much more than Washington

was paying for. Turkish officials said they want a commitment of much greater U.S. aid to help modernize the 630,000. member Turkish armed forces. NATO's second-largest standing

army,
With the Turkish Army still using old M-48 tanks and the air See TURKEY, Page 6

# INSIDE

GENERAL NEWS

The Soviet Union appears to be making little headway in its drive to win new friends in the

WNASA has amounced a new light schedule for the space

**BUSINESS/FINANCE** Cotput quotes are likely to

dominate talks by the Organi-

zation of Petroleum Exporting

Countries. SPECIAL REPORT

Beneficialization is likely to weaken French banks in intercational competition. A report on French banking. Page 7

#### After Stylish Victory, Kasparov's Crown Seems Secure By Serge Schmemann

New York Times Service MOSCOW - As 800 people watched in tense silence in the Leningrad Hotel concert hall, the referee in the world chess championship match opened Saturday a move sealed by Garri Kasparov in a game that had been adjourned the night before. Then, when the move was announced, the

that the move guaranteed a victory for Mr. Kasparov in the game and, barring a nearmiracle, his defense of the championship. The challenger, Anatoli Karpov, struggled for several more moves in the slender hope that Mr. Kasparov would commit a gross bhinder. Faced with an inevitable checkmate, Mr. Karpov resigned the game, the 22d in his bid to

crowd exploded in a standing ovation, aware

regain the title he lost to Mr. Kasparov a year ago. The 24-game rematch began July 28 in London and moved to Leningrad on Sept. 5. The victory gave Mr. Kasparov eleven and a half points to Mr. Karpov's ten and a half, and out Mr. Kasparov within a draw of victory, because a 12-12 tie would let the champion onship when Bobby Fischer of the United keep his crown. The next same is to be played States refused to defend it in 1975. keep his crown. The next game is to be played

Mr. Karpoy needs victories in the next two games to win the match, a leat most grandmasters consider almost impossible.

Yet Mr. Karpov, a polished and meticulous strategist who held the title for 10 years before losing it, has proved capable of defying common wisdom before. Less than three weeks ago, be was down three games and had been effectively written off by the fans in Leningrad.

Then, suddenly he won three in a row and erased Mr. Kasparov's lead, tying the series and leaving the outcome to the last four games of a struggle that began 94 games and more than two years ago, on Sept. 10, 1984, in the ornate Hall of Trade Unions here.

Mr. Kasparov was then 21 years old and had stormed through the ranks of a country fabled for its addiction to chess. Mr. Karpov was 33, a masterly technician from Leningrad with a

lackluster image who had assumed the champi-

The rules of the first Karpov-Kasparov

match called for an unlimited series that would end when one of the players had won six games. It looked at first to be a romp for Mr. Karpov, who quickly won four games. But the young challenger abandoned his ag-gressive assaults and settled into a defensive stance, and endless draws began to pile up. Mr.

Karpov went to 5-0, but the grind began to tell on the slight champion. Suddenly, Mr. Ka-sparov won one game, then in quick succession the 47th and 48th. It was then that the president of the World Chess Federation, Florencio Campomanes of the Philippines, stepped in and halted the match, contending that everyone was exhaust-

Mr. Kasparov erupted in anger, charging that he had been robbed. But the raling stood, See CHESS, Page 6

# Officials in Pacific Say Soviet Union Is Making Little Headway

By Michael Richardson

SINGAPORE - The Soviet Union's intensified diplomatic campaign to increase its influence in the Asia-Pacific region has provoked wary responses from non-Communist countries in Southeast Asia and the

Many officials in the region say the Kremlin's campaign has made little headway. The drive was underscored by a policy speech by the Soviet leader, Mikhail S. Gorbachev, in Vladivostok on July 28. Mochtar Kusumaatmadja, the Indonesian foreign

minister, gave the most positive assessment of Mr. Gorbachev's proposals for reducing tension and insing cooperation among all countries in or around

In a recent interview, Mr. Mochtar said the Soviet leader's speech recognized the political diversity of the area, indicated "readiness to have peaceful coexistence in the real sense," and signaled "a change of direction" in Moscow's Asia-Pacific policy. But, the Indonesian said, the non-Communist coun-

Mr. Mochtar said there were "three tests by which to gange the real intentions of Soviet policy in the area" — Moscow's preparedness to disengage from Afghanistan, Cambodia and along the Chinese-Soviet

Siddhi Savetsila, the Thai foreign minister, said in an interview with Asiaweek magazine that he was disappointed the Soviet Union appeared unwilling to

use its influence to persuade its ally, Vietnam, to withdraw its forces from Cambodia. Hanoi invaded Cambodia in December 1978 and overthrew the Beijing-backed Khmer Rouge regime. China now provides most of the military assistance to

Cambodian guerrillas resisting the Vietnamese Mr. Gorbachev's view that ending the conflict over Cambodia depended largely on restoring normal rela-tions between Vietnam and China "overlooks the

basic fact that Vietnamese troops are occupying Cam-Moscow, he said, could play a more constructive

tries in the region would "rather go by actual facts and role by halting military aid to Vietnam and getting Moscow was not prepared to pay what Kiribati evidence; deeds rather than words."

Hanci to negotiate with resistance groups opposed to wanted. the Vietnamese presence in Cambodia.

Gaston J. Sigur Jr., U.S. assistant secretary of state for East Asian and Pacific affairs, said at a recent conference in Washington on Oceania that Soviet attempts to expand commercial and diplomatic con-

tacts had not been well-received. "The reception," he said, "has been largely skepti-cal, tentative, and quite limited in scope."

Several U.S. and other Western officials have exsed concern that Moscow could gain a strategic loothold in the South Pacific through its expanded military power there as well as its efforts over the past few years to negotiate fishing access, trade and diplo-

But on a visit to Fifi last month, two officials from the Soviet Embassy in Canberra were quoted as saying that prospects for developing trade links between Frii and the Soviet Union were limited.

The agreement, signed last year, is the only arrangement that gives Soviet trawlers access to the tuna fishing grounds of a South Pacific island-state in exchange for license fees.

Kietro Abisinto, Papua New Guinea's ambaseador to the United States, said at the Washington conference that Pacific island nations "do not feel we have much in common with the Soviets."

But one reason for Soviet interest in the South Pacific, he said, was past neglect by the United States. Sinnathamby Rajaratnam, senior minister in the Singspore prime minister's office, said that a shortcoming of Mr. Gorbachev's policy was that it concentrated too much on regional security and not enough

on promoting economic development. Analysts note that Soviet trade and inves the non-Communist countries of the Asia-Pacific re The officials also were reported by Reuters to have gion are only a fraction of the aid and investment built said that talks on renewing a \$1.5-million fishing up with the area over the past 20 years by the United agreement with Kiribati were not going well because States, Japan and the European Community.

**Solidarity** 

Cautioned

WARSAW — The authorities have warned leaders of Solidarity

that they risk being charged with violating the law if they continue

operating under their new national

Leaders

# Armenian Group Threatens France

BEIRUT (AFP) - The Secret Army for the Liberation of Armenia threatened Sunday to attack civil aircraft, shipping and trains bound for or departing from France unless the French authorities released three people jailed for terrorist offenses.

The threat was made in two statements telephoned to the office of a Western news agency here by a man identifying himself as a spokesman for the group, which wants Armenian independence from Turkey. He demanded the release of Varonjian Garabidjian, Georges Ibrahim Abdallah and Anis Naccache. Mr. Garabidjian is serving a life sentence for a 1983 bombing at Orly airport in which eight persons were killed, Mr. Abdallah faces trial for the murders of two diplomats in Paris in 1982, and Mr. Naccache is serving a life sentence for an attempt to kill Shahpur

Bakhtiar, the former Iranian prime minister. In Paris, police detained about a dozen Armenians and questioned them for several hours Sunday about the bomb attacks in Paris last month that left 10 dead and more than 160 injured. All of the Armenians. of French and Lebanese nationality, were released

## Report Tells of Israeli Atomic Arsenal

LONDON (UPI) - Israel has produced 100 to 200 nuclear weapons at a secret underground factory in the Negev during the past 20 years and now ranks as the world's sixth-largest nuclear power, the Sunday Times

reported.

The newspaper said Israel had hidden the facility for producing nuclear warheads from spy satellites by burying it beneath a building beside the Dimona nuclear reactor deep in the Negev.

The report was based on testimony and photographs provided by a nuclear technician who had been laid off from the Dimona facility. There was no immediate comment from Israel. It has long been suspected that Israel possessed nuclear weapons, but Israel has refused comment on the

#### Uganda Holds 5 for Stirring Dissent

arrested two government ministers, a former vice president and two other politicians on charges of at-tempting to foment instability, an official statement said Sunday.

Lech Walesa, chairman of the benned union, and members of the even-man council were summoned by provincial officials for questioning Saturday, but not all respond-

The official warnings were an attempt to maintain a lid on Solidarity, which has pledged to cam-paign openly for a restoration of free labor unions.

They came one day after the government's chief spokesmen, Jerzy Urban, declared that the council, formed Tuesday, was illegal.
Jozef Pinior, a former under-

ground leader from Wroclaw, said he had been told that he could be charged with illegal union activities under a section of the penal code that carries a maximum prison term of five years.
"I refused to answer any ques-tions," Mr. Pinior said.

Mr. Walesa said he had been estioned for about 30 minutes by officials at the Gdansk provincial office about the council's objec-

They were womied by the fact that a new organization is being created," he said, "and that its aim would be taking over the govern-ment or something like that." Mr. Walesa said he had told the

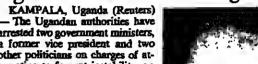
inc attack on the Punjab po-lice chief, J.F. Ribeiro; seven men dressed in police mediant threat to Communist rule.

In addition to Mr. Pinior, the seven members of the council are Zbigniew Bujak, Jamesz Palubicki, Władysław Frasyniuk, Tadeusz Jodynak, Bogdan Bornsewicz and

Mr. Lis was unavailable for comment after his scheduled questioning, but the other five said they had refused either to accept the summonses or to report to officials. ■ 15 Protesters Seized

Pifteen young men were arrested at a Warsaw shopping center Fri-day as they were demonstrating for the right of Polish draftees to refuse military service on the ground of conscience, The New York Times

They were from the Freedom and Peace Organization, an illegal group of pacifists and conscien-tious objectors. They displayed placards proclaiming that the right to decline service on the ground of conscience was a human right.



The statement linked those arrested with rebel forces in northern Uganda, saying the detainees had tried to persuade soldiers at Naam-Okora berracks, 210 miles (340 kilometers) northeast of Kampala, to defect to the rebels.

The statement, read on Radio Uganda, said those arrested Friday were Energy Minister Andrew Kayiira, Environment Minister David Lwangs and Paulo Mnwanga, who was vice president under Milton Obote, deposed as president in 1985.



#### Famine Deaths Reported in Sudan

KHARTOUM, Sudan (Reuters) — About 15 people are dying of lunger or diarrhes each week in one of the makeshift camps set up for displaced people in Juba, southern Sudan's largest town, relief organizations said over the weekend.

The Juba area was thought to be suffering from severe food shortages, aused by the conflict between government forces and rebels in southern Sudan, but Saturday's report was the first reaching Khartonm to speak of deaths related to hunger. It did not say how long they had been going on, nor whether more than one camp was affected.

Sudan's Relief and Rehabilitation Commissioner and the UN emer-

cy operations in Sudan said 47,500 displaced people were in Juba. A food airlift to Juba was postponed last week after rebels of the Sudan People's Liberation Army threatened to shoot down the transport plane. Relief agencies estimate that two million people are in danger of starving in southern Sudan, largely because of the conflict.

#### CBS Anchorman Beaten in New York:

was recoperating Sunday after being chased, beaten and kicked on Park Avenue in Manhattan by two well-dressed men who repeatedly demand-ed "Kenneth, what is the frequency?" a CBS spokesman said. During the attack Saturday night, Mr. Rather, 54, fled into a building,

where a doorman pulled the two attackers off him, a police spokes said. Their motive was unclear.

Mr. Rather told police he had left a friend's home shortly after 10:30 P.M. and was walking along Park Avenue when a man approached and asked, "Kenneth, what is the frequency?" another police spokesman said. Mr. Rather said, "I don't know what you're talking about." The man then punched Mr. Rather, knocking him to the ground. Mr. Rather ran into a building, followed by the assailant and another man, who continued repeating the question, the spokesman said. In the lobby, Mr. Rather again was knocked down and kicked in the side before being rescued.

#### For the Record

# U.S. Seeks Hostage Talks, But Says It Won't Give In

By Bernard Gwertzman

New York Times Service WASHINGTON - The Reagan administration says it is willing to have discussions with those holding the American hostages in Lebanon but that it will not yield to their

The administration called on the captors Friday to come forward and open talks either directly or

It said that despite appeals from the hostages that Washington ne-gotiate for their release, the United States had been unable to establish

any contact with the kidnappers. Earlier Friday, Western news spencies in Beirut received a videotape in which two hostages apiled to the White House to work as hard for their freedom as for that of the journalist recently released by Moscow, Nicholas Daniloff. The hostages were Terry A. Ander-

#### **Tories Gaining** On Labor Party In Opinion Poll

LONDON - The Labor Party is still Britain's most popular, but the ruling Conservative Party could catch up if it holds a successful party conference this week, accord-

mg to a poll published Sunday.
The poll, in the newspaper The Observer, gave Labor 41 percent. the Conservatives 38 percent and the centrist alliance of the Liberal and Social Democratic parties got

It was one of one of the best ratings for Labor in five years, ty's annual conference last week. But the Conservatives improved sharply at the expense of the cen-

The survey, by the Harris Research Center, said controversy over defense policies was increasing the popularity of the Conservatives, who intend to increase Britain's nuclear arsenal. The Labor conference voted to scrap nuclear weapons.



Send detailed resume

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son, correspondent for The Associated Press, and David P. Jacobsen, director of the American University Hospital in Beirut.

Their statements prompted an angry denial from President Ronald Reagan that there was any comparison between the Daniloff case and that of the Americans being held in Lebanon.

On his way to the presidential etreat in Maryland, Mr. Reagan stopped before boarding a helicopter to reply to a shouted question.

There is no comparison be-tween the two situations," he said, appearing angry. "In one, we were dealing with a government that had under its laws arrested one of our citizens — we think unjustly.

"There has never been a day that

we have not been trying every channel to get our hostages back from Lebanon," Mr. Reagan add-ed. In all, five Americans are being beld in Lebanon, and another, William Buckley, is thought to have

been killed.
"But they were not seized by a government," he said. "We don't know who is holding them. There's never been any contact between their kidnappers and us, other than an indirect statement that if we could persuade a third country to release some people who were tried and convicted of murder, that would be the way to get our people

"Well, there's no way that third country is going to do that," he said. He was referring to Kuwait, which is holding 17 persons con-victed of murder in 1983 in bombing attacks on the United States and French embassies and Kawaiti

Mr. Reagan said he believed that had made the tape "under the orders of their captors."

A State Department spokesman, Charles E. Redman, said, "We've cated in the first and last incidents, always been willing to establish contact, either through direct talks with the kidnappers or their representatives, or through third par-

"Although the kidnappers have demonstrated that they can communicate with news agencies by letter, telephone, and videotape, they've shown no inclination to talk directly to us," be said. "We have consistently stated that we are willing to talk about the safety and return of the Americans held hos- lence that has taken so many lives tage, and our door remains open in the last few years.

for such talks.

Despite appeals by the hostages, the realization that use the colly demand known to have newly developed prosperity and newly developed prosperity and carefully nartured belief in modern to the control of the contr for such talks." Knwait to release the 17 prisoners, at least two of whom are Lebanese believed to be relatives of those holding the Americans hostage.



Policemen turning back a Hindu procession in Delhi. The Hindus wanted to march along a route banned by police, who feared the Hindus might clash with nearby Moslem residents. Thirty-five persons in the procession and 45 policemen were reported to have been injured.

### India Is Shaken by Security Failure Vacuum of Leadership Beneath Gandhi Adds to Distress

By Richard M. Weintraub

Washington Port Service NEW DELFII — One of Prime Minister Rajiv Gandha's most fre-quently heard themes in recent weeks has been that his government has extremists on the run but that it is at just such times that they

can be the most dangerous.

Mr. Gandhi's political rhetoric has been turned into chilling fact, shaking the confidence of this nation just as a new generation of young leaders is trying to make its

The retired army chief of staff, General Arun S. Vaida, was assessinated Aug. 10 and gummen narpolice chief of Punjab state and on

the prime minister last week. Sikh extremists have been impliand the gumman who attacked the prime minister and other officials also may be a Sikh, although no positive identification has been re-

The attacks, especially those of this pest week, are notable for two things.
On the positive side, the people of this often volatile nation have

reacted calmly, not allowing the killings or attempted assassinations to incite further the communal vio-On the negative side, however, is

technology have not been able to buy protection for its top leaders, leaving them vulnerable to the as-sassin's bullet or bomb.

The corollary to that sobering Yet a gunman was allowed to go realization is that there also are no clearly identifiable leaders to step undetected for hours in a clump of bushes near where Mr. Gandhi was

in should a terrorist attack against the prime minister succeed "There are no national leaders around other than Rajiv and he is the beneficiary of the Gandhi name and the Nehru mantle," a political observer said after the attempt on Mr. Gandhi's life Thursday.

No one cise has any national recognition, the observer said, and none of the would-be leaders has

**NEWS ANALYSIS** shown the ability to put together the kind of coalition that would

allow the breathing space to build a national following. Men close to Mr. Gandhi, such as Arun Nehru, Arjun Singh and Arun Singh, have narrow political bases and many enemies within the Congress (I) Party. The finance minister, V.P. Singh, has the re-spect of the party's citie, but only ted support outside.

The standard bearer for the party's old goard, Kamiapati Tripathi, 83, could frustrate or boister the ambitions of others but do little

This leadership vacuum beneath Mr. Gandhi has made the encomity of the security failure around him that much more glaring.

Following the assassination of Prime Minister Indira Gandhi in 1984, millions of dollars have been spent recruiting, equipping and training a supposedly sophisticated security network to protect India's

The Delhi newspaper Hindustan Times argued Saturday that Indi-ans, who had "undergone harass-ment and delay in the name of security" and who had "not begradged the hage amounts of mon-ny being spent on raising new secu-nty forces," were entitled to ask questions. The paper said that "the state of shambles around the prime minister's security" was "absolute-

able to penetrate Priday into the center of a major police post and to escape after wounding Mr. Ribeiro Indians, who are quick to see a "foreign hand" in things that go

wrong in the country, have not with the assassination attempts.

Karachi, the largest city in Pakistan, was rife with rumors Wednesday, the day before the attempt on Mr. Gandhi, that he had been an ination target.

There is nothing to suggest anything other than an un dence of rumor and fact, but Pakistani intelligence experts, who at first brushed off the reports, now are scrambling to see where and how they started Indian officials are doing a different kind of scrambling, to see if they can patch together a security

net that will display fewer holes

than the one that has been in use

won litms

A strike by nearly 20,000 Swedish workers disrupted health, transport and other vital services throughout the country, organizers said Sunday. Stockholm's subway came to a standstill during the weekend, the latest step in a campaign by unions representing public sector staff to press

Rivers in Oklahoma and Histois slowly receded Sunday from record flood crests after about 45,000 people were forced from their homes over the past week. Damage in Illinois was put at \$34 million. Nine deaths were linked to flooding in the Middle West and Pennsylvania. (AP)

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# **Heavy Military Load Planned** When Shuttle Flights Resume

WASHINGTON - NASA has announced a new flight schedule for the U.S. space shuttle fleet that includes a heavy schedule of military missions when the shuttle resumes flying in early 1988 but soon cuts back to the normal rate of military flights.

The schedule was made public Priday after months of deliberation and a detailed review by the White Aren House following the Jan. 28 Chal-

It shows that the first shuttle flight will be Feb. 18, 1988, assuming that all goes well in redesigning the faulty rocket joints that caused

There will be six flights during the shuttle's first year back in ac-

The schedule will include a reduced proportion of commercial flights and a heavy percentage of flights for the National Aeronautics and Space Administration's own missions, primarily devoted to deploying the space station now under development, and to major scientific missions, NASA said.

However, NASA officials were log "resulting from the Challenger mable to state whether scientific accident. This is because national missions were increasing or de-creasing under the new schedule.

tails the order of flights for the first three years and provides quarterly projections but no explicit flight

# Black Caucus Is Buoyed

By James R. Dickenson

Disse

udan

years have been a lean time for the Congressional Black Caucus, but Representative John Conyers Jr. of Michigan sounded a jubilant note Priday on behalf of his fellow cau-- They had won the battle over

South Africa sanctions. felt themselves scorned by the administration; have been on the de-

party and colleagues.
"How 21 people out of 535 here on Capitol Hill turned the rest around," Mr. Conyers said, "should be a model of how we ty's move to moderation and the political center could undermine its case of blacks, labor and liberals and might persuade the Reverend should work that we can apply to

The sanctions, which passed dent as an independent r Congress over President Ronald as a Democrat in 1988. Reagan's veto last week, were up-permost in the minds of the 21 embers of the Congressional Black Caucus at their 16th annual

"This convention," Mr. Conyers

"But the party leadership has said, "is addressed to the problem moved to the right and has indicatof getting out from under racism, and the most recent answer was when the Senate voted to make the position of the Congressional Black

Democrats, played bost in Wash- cratic Party loses a valuable re-. . . . came to listen and talk about jobs, education, drugs, the black family, health, black involvement in for-

day. said. I'm fearful that if the leader-The caucus members were jubi- ship of the Democratic Party lant that the sweeping sanctions doesn't stop assuming that its base bill written by Representative Ron- can be taken for granted, people ald V. Dellums of California, a will move to independent status or DOONESBURY member of the Black Caucus, and assed by the House in June, was the basis for the more moderate but still relatively stringent measure that finally passed the Senate. Mr. Dellums'a bill would have required total U.S. disinvestment in South

"Dellums' accomplishment was spectacular," said Representative Mickey Leland of Texas, the cau-cus chairman. "It sustained the moral authority of the Congress."

But the group's members are more skeptical about the attitudes and direction of the leaders of the Democratic Party than they were a year ago, Mr. Leland said. They

The space agency said that over the seven-year period about 41 per-cent of the shuttle's capacity would be used to fly Defense Department

The schedule issued Friday de-

John Conyers Jr.

The largest percentage of shuttle flights, about 47 percent over seven years, will be devoted to NASA missions, with scientific missions By Victory on Sanctions accounting for about 29 percent, deployment of the space station 14 percent, and other space agency needs, such as data and relay satel-

Washington Post Service
WASHINGTON --- The Reagan

. It was a sweet victory for a small one of House members who have fensive in the budget-cutting age of Gramm-Rudman-Hollings and often have been ignored by their own

the rest of the struggle."

Jesse L. Jackson to run for presi-dent as an independent rather than "There could be an incredible turnout of blacks in 1988, more than ever before, because they know what's at stake in electing the next president," Mr. Leland said. assembly last week.

ed that it wants a homogenous party and philosophy."

The Democratic national chairman, Paul G. Kirk Jr., "and others Cancus the law of the land over the bave assured Mr. Jackson that they objections of the president and in conjunction with the wishes of the said. "But if be feels the party has American people."
The Black Canens members, all shut him out he could run as an independent. If he does, the Demo-

ington to about 8,000 blacks from source and any opportunity to win around the United States who in 1988." Representative Charles Hayes of Minois agreed.

"There's too much saying eign policy and other topics. The four-day conference ended Satursaid. "I'm fearful that if the leaderjust not register to vote and say,

What's the use?" To Mr. Hayes and the rest of the Black Caucus, the leading priorities are jobs, education and the opportunity for blacks to "realize the

Buoyed by the success on South Africa, Mr. Leland said be sees the Black Caucus's clout enhanced in

"We chair five major committees, two joint committees and 16 ttees," he said. "We're responsible for getting six and a half million people off the federal income tax rolls. I got a compromise that resulted in \$600 million in aid to people starving in Africa."





AMERICAN TOPICS

A CIFT OF FLIGHT — Bob Stiles thanks his son, Robert Stiles Jr., at the Hayward, California, airport, for helping to make his dream of flying a vintage biplane come true.

Mr. Stiles, a World War II fighter pilot, is rapidly losing his eyesight to cancer.

## Malpractice Insurance:

Although the cost of medical tals and doctors is increasing rapidly, it still represents a relatively small part of their ex-penses, according to the General Accounting Office, the investiga-

But the flight schedule will accelerate to 11 flights in each of the succeeding two years, with only three shuttles in operation, and it is ultimately scheduled to reach 16 flights a year when a fourth orbiter ins the fleet to replace the Chal-

In its busiest year before the accident, the agency launched nine shottle flights. Agency officials described the new flight schedule as "ambitious"

missions, an increase from about

33 percent before the Challenger

Dr. James C. Fletcher, adminis-

trator of the agency, said the De-

fense Department will utilize considerable shuttle capability to

reduce its critical payload back-

security missions were given the

highest priority in claiming space

on the shuttles. But in the last four of the seven

years, Mr. Fletcher said, the De-

fense Department would require

only about a third of the shuttle's

capacity, the same as before the

Only 12 percent of the flights will

be devoted to commercial, foreign

government and other U.S. govern-

ment payloads, a drop from about one-third before the accident. Only six flights are scheduled for the first year, leaving room for ad-justments and delays while the

space agency resumes full-scale op-

but emphasized that they would not try to meet the flight schedule: at the expense of safety.

There is absolutely no pres-

sure" upon the agency to "increase the flight rate," Mr. Fletcher said, The schedule calls for launching the Hubble Space Telescope in 1988 amid three planetary mis-sions: the Ulysses flight to the Sun, the Galileo flight to Jupiter and the Mars Observer.

#### ■ Shuttle Base Closed

The U.S. Air Force will suspend use of the space shuttle comp Vandenberg Air Force Base in California until the 1990s; a move that will save the government about \$60 million and result in the layoffs of about 1,000 workers almost immediately, the Los Angeles Times reported Saturday quoting the base

Tests at the base, now postponed, were to have involved the shuttle Columbia.

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#### More Data for Debate

tive agency for Congress.
The New York Times reports that the agency found malprac tice insurance costs nearly doubled, to \$4.7 billion from \$2.5 billion, from 1983 to 1985. This exceeded the 8 percent increase in consumer prices and the 13' percent rise in medical costs for

the same period. The agency called the in-creases "rather shocking," but said malpractice insurance costs still accounted for only about 1 percent of the average expense of operating a hospital and 9 percent of the average doctor's ex-

The Times said: "The report is apt to provide evidence to support each side in the debate over the problem" of rising malpractice insurance costs.

#### **Short Takes**

Travelers, arriving at major U.S. airports on international flights will be able to use a credit card to pay customs duties as of Noz. 1. But only one credit card, a new one called Discover Card, can be used. Other credit card companies refused to forgo charging the government. Federal law prohibits customs duties going anywhere but the U.S. Treasury.

THEY THINK LACEY DAVEN

PORT CAN BE

AND THEY THINK TO I'M THE MAN TO

Video games, which took the United States by storm in 1982 when eight million machines were sold, and nosedived to below two million last year, are making a modest comeback, The New York Times reports. Sales of the machines are expected to hit two million this year. Manufacturers eite improved electronic memory, providing more levels of play, and a new audience that has come of age since the games first gained popularity.

The Saturday Review, which in the past four years has suspended publication twice and had three different owners, is for up sale again, the Los Angeles Times reports. The 62-year-old magazine, once chiefly literary and cultural, has been aiming at a younger andience recently with articles such as "The 52 Pretties Faces in America" and the "Se-cret Lives and Death" of Mari-

#### Notes About People

President Ronald Reagan, in a recent speech in Detroit, cited the progress of women's rights. He said things had improved since the 1930s. "It's not like the days of Ginger Rogers," Mr. Reagan said, "Her male counterpart got the lion's share of the publicity, but Ginger Rogers did everything that Fred Astaire did and did it with high heels on and

doing it backwards." Lynda Johnson Robb, daugh-ter of President Lyndon B. Johnson, said during a recent Democratic fund-raising dinner in Washington that every day she talks to a photograph of her fa-ther, who died in 1973. She said:

HOT. SUCCESSRULEN-

Trepreneur VS.

CLYDE, DONAGER, AND YOU HONESTLY. KNOW WHAT MY BIG

"I tell him, 'Daddy, if you were running things today, things wouldn't he as bad as they are." Mrs. Robb, wife of Charles S. Robb, the former governor of Virginia, said neither she nor her mother ever reads anything written about her father. They sim-ply aren't writing about the man we knew," she said.

dustrialist, says he has been asked so often if he owns Church & Dwight Co., the manufacturers of Arm & Hammer baking soda, that he once offered to buy the firm "so I could say yes. Now be can. Mr. Hammer's company, Occidental Petroleum. has acquired a 5 percent interest in Church & Dwight and he will have a seat on the board.

#### Former New Yorkers List What They Miss

About 100 New Yorkers who have moved to Atlanta have organized a "New Yorkers Network" as an antidote to homesickness. One of the organizers. Floyd Brown, took an informal survey of what members missed most about New York.

The New York Times reports that they mentioned Italian food, restaurants that stay open past midnight, bagels, off-track bet-ting Central Park, crowded side-walks and the city's combative, outspoken mayor, Edward L.

And what did they miss least? Muggers, crime, bad weather, potholes, noise and graffiti. "And Mayor Koch," Mr. Brown -ARTHUR HIGBER

DRUGS.

SHE'S VUL-

# Disinformation Plan Damaged Credibility, White House Admits

By Lou Cannon

WASHINGTON - Disclosure of a secret plan to deceive Colonel Moammar Gadhafi into believing that the United States was about to attack him "hurt the hell out of us" by raising questions about the Rea-gan administration's credibility, according to a White House offi-

The comments Friday by the official, who spoke on condition that he not be identified, reflected a widespread view in the administration that White House credibility in dealing with the news media has been severely damaged during a critical period preceding the superpower talks in Iceland.

But President Ronald Reagan, leaving for a weekend at Camp David, Maryland, insisted for the second consecutive day that the administration had been trying merely to deceive the Libyan leadinto printing inaccurate reports.

"We are not telling lies or doing any of these disinformation igs," Mr. Reagan said, responding to questions about a story that appeared Thursday in The Wash-ington Post. The article said that the administration on Aug. 14 started a secret effort to deceive Colonel Gadhafi into believing he was about to be attacked a second time by U.S. bombers and perhaps

removed in a coup. Walking to his helicopter from the White House on Friday, Mr. Reagan, clearly angry, raised his arm and shouted, "No, no!" when he was asked if the United States had lied about Colonel Gadhafi.

Secretary of State George P. Shultz, in remarks to reporters Thursday evening, said: "I know of no decision to have people go out and tell lies to the media. I think, however, that if there are ways in which we can make Gadhafi nervous, why shouldn't we?"

The administration received some comfort Friday from the Senate Select Committee on Intelligence, which began a staff inquiry after The Post's report. Bernard F. McMahon, staff director of the Republican-controlled committee. iold The Associated Press the staff had concluded that the administration had not deliberately attempted to plant false stories in the U.S.

The deception plan was outlined in a memo sent to Mr. Reagan by his national security adviser, John M. Poindexter, calling for "real and illusionary events — through a disinformation program — with the basic goal of making Gadhafi think that there is a high degree of inter-nal opposition to him within Libya, that his key trusted sides are disloyal, that the U.S. is about to move against him militarily."

in The Wall Street Journal and continuing subsequently in other news-papers, including The Washington Post, much of the information gencrated by this campaign was reported as fact.

The White House source said that the Federal Bureau of Investigation was investigating in an attempt to determine the sources both of the original Journal story

the broader question of whether nistration officials had encouraged the dissemination of an ally inaccurate story. Instead, he commented on the specif-

tion had undertaken a deliberate policy of deceiving the U.S. news

"Everyone's assuming Poindexter's memo was what was approved," Mr. McMahon said. Was there a policy decision to draft and place deliberately false stories in the American press or through agents of influence, either by the CIA or outside the CIA in the National Security Council or the State Department? The answer to that is no. There was no decision made to undertake such an activi-

The White House official who was interviewed Friday said it was possible" that some administration officials had gone beyond approved policy. Referring to those we affectionately call 'spooks,' you're not sure exactly what they are doing," the official said.

"Spooks" is a term sometime applied to Central Intelligence Agency operatives.

In a statement issued Friday in reference to the Aug. 25 report, the managing editor of the Wall Street Journal, Norman Pearlstine, said that "it now seems clear that some high administration officials mis-led us."

ported in The Journal, that the U.S. government in late summer be-heved Libya had resumed its active support for terrorism and that the U.S. was considering a range of options aimed at deterring such Libyan actions," Mr. Pearlstine said. "We reported this based not on one source, but on information provided by a number of sources

# Memo Urged Strategy to

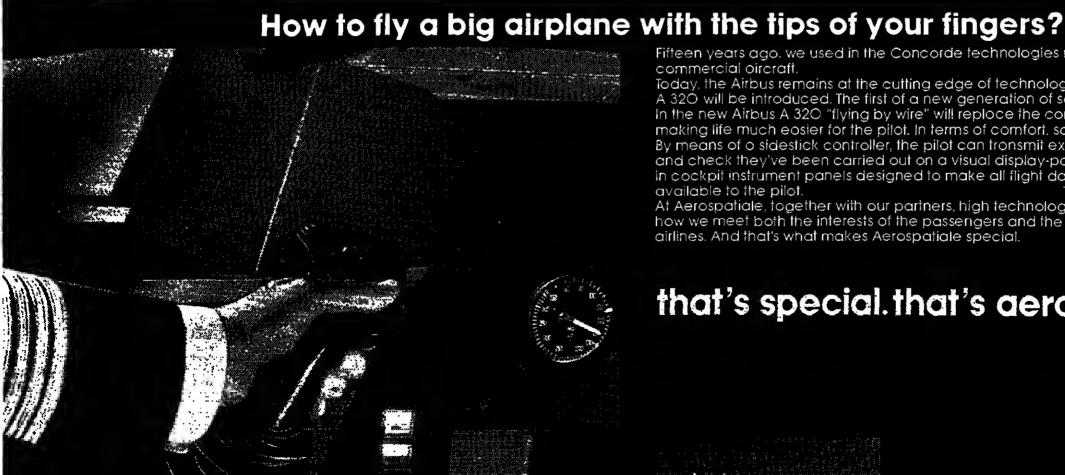
Washington Past Service WASHINGTON -A State Department working paper used in August in drawing up the Reagan administration's plan of deception and disinformation against Colo-nel Mosmmar Gadhafi advocated a strategy that could lead to "a coup or assassination attempt" against the Libyan leader by his own military or other opponents.

The memo, circulated by the State Department on Ang. 6, stated, "The goal of our near-term strategy should be to continue Gadhafi's paranoia so that he remains preoccupied, off-balance

The memo said the strategy should make Colonel Gadhafi be lieve "that the army and other elements in Libya are plotting against him - possibly with Soviet help. Believing that, he may increase the pressure on the army, which in turn may prompt a coup or as

The final directive approved by President Ronald Reagan did not mention assassination. It ordered covert, diplomatic and economic steps designed to deter Libyansponsored terrorism and hring about a change of leadership in

A 1981 executive order signed by Mr. Reagan directs that "no person employed by or acting on behalf of the United States government shall



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# A Script for Reagan

No, says a presidential spokesman, Ronald Reagan will not have a news conference before he leaves to meet Mikhail Gorbachev in Reykjavik. It is a special shame, and not just because Mr. Reagan has averaged only seven a year. Rarely has the public so needed to hear from the president. Then what is the next best thing? A simulation. It is easy to imagine reassuring presidential

answers to three urgent questions. Q. Mr. President, you've left much con-fusion about your policy on lying to the public. Did your administration lie in order to promote news articles that would rattle Libya's Culonel Gadhafi?

A. Well, it has never been our policy to mislead or lie to the media, ever. If a misguided official might have done so, I regret it and I want now to reaffirm our commitment to truth. We know how freely Communist countries sacrifice truth to expediency, and how important it is that a free government and a free press speak with a credible voice. There may have to be exceptions in war, but then you'd be on notice. Otherwise, truth is

Q. Sir, you took an unusually stubborn position on sanctions against South Africa. even after Congress passed them. Now both houses have overridden your veto. Will you carry out the law ungrudgingly?

A. Well, I'm not happy about Congress taking over executive branch responsibility for foreign policy. But the law stands higher than any policy. I intend to honor my oath of office to execute the law faithfully.

I hate apartheid every bit as much as the people who wrote the Comprehensive Anti-Apartheid Act. What we have differed about is which means are most effective. Now Congress demands regulations telling how to carry out sanctions, and Treasury and Com-merce are already doing that. Congress says to stop South African Airways, and the Transportation Department will soon lay out the details. We'll do all that is required,

with diligence and care.
But that's just a technical answer. It's also our duty to comply with the spirit of the law. That's why I've asked Secretary of State
Shultz and Assistant Secretary Crocker, who've worked tirelessly for constructive pro-gress, to refine our policy toward southern Africa and take maximum advantage of the new law. I don't intend to be grudging. I want what all decent people want: to end apartheid

and promote a peaceful evolution.

Q. Mr. President, some of your supporters think that you made a bad deal for a Soviet spy and fear that you'll come back from Reykjavik empty-handed. Other people think you agreed to go because even a media event will help the Republicans keep control of the Senate next month, What do you hope for from this meeting?

A. Well, it's way too early to second-guess there is between Mr. Gorbachev and me is a desire to have the most productive summit possible. We both think this meeting can advance that soal. You know how I want the election to turn out. But my negotiations with the Soviet Union transcend the interest of any

party or any one administration.

Just think about the things that have now fallen into place. America has rebuilt tes strength and its confidence. The Russians have a serious and ambitious new leader ambitious mainly at home, I hope. These are

trends to build on. I pray that I can. Thank you, Mr. President. - THE NEW YORK TIMES.

# No to Disinformation

mation is an attempt not just to tell people objectively what is going on but also to make people believe one thing or another. This is an accepted form of government activity in the public arena - a way of bargaining, vying for advantage, putting a certain face on things, trying to work your will. Bluff, threat and "psychological war" are staples of both dumestic politics and foreign policy. Journalists know it, expect it and deal with it every day by their attitude of skepticism and their techniques of inqui-ry and pursuit. They pride themselves on their ability to break through the government's masks and pretenses and to keep

themselves from being used. So what is different about the Reagan administration's effort, revealed in The Washington Post last week, to use the American press to destabilize Moammar Gadhafi? The word "disinformation" was used in a White House memo outlining the there appeared stories taking at face value official reports that opposition to Colonel Gadhafi was brewing and a second U.S.

ly, however, press skepticism was evident.

The Post, for instance, noted that there was "some suggestion that the United States is trying to psych out the Libyan strongman by formening anxiety about what this country is planning." In any event, nothing much happened. Colonel Gadhafi remains in power, and the United States remains deeply frustrated by his regime.
Still, it is clear that the U.S. government

crossed over a very sensitive line. It did not simply practice deception by, for instance, ordering fleet movements that it figured the press would find out about and report, thereby presumably panicking Colonel Gadhafi — this is the example of justifiable "psy-war" cited by Secretary of State George Shultz. The government actually conveyed to reporters things it knew to be false — that opposition to Colonel Gadhafi was stirring, that an American attack was on the way. This was "disinformation," and it deserves to be condemned. The government is not meant to be in the business of

organized lying to the public. -THE WASHINGTON POST.

# Pinochet vs. Chileans

Augusto Pinochet responded to the failed attempt on his life last month with new spasms of official violence. Victims include iman rights advocates, moderate opposition parties and the people of Santiago's slums. The United States, every significant party in Chile and even some of his fellow generals oppose General Pinochet's desire to stay in power for another decade. His

response has been a war on his own people. Soon after the assassination attempt, José Carrasco, an opposition editor, was abducted and brutally murdered. The police bave jailed moderate opposition politicians and abducted and expelled priests who monitor the government for human rights abuses. These courageous dissenters at least understood the risks they took in challenging the dictator. More chilling is his apparent war, documented by The Wall Street Journal, against Chileans whose anly offense is poverty. Campaigns of random

terror and torture to intimidate restive slum

dwellers are becoming routine. In July, credible witnesses reported as attack in a poor Santiago neighborhood in which soldiers with blackened faces set two teen-egers afire. The Journal article tells of how Alfredo Diaz was burned with cigarettes and choked on his own hair by the regime's soldiers even though he disavows political activity. Another shun resident

wears a bood to cover his torture scars. By driving all moderate opposition un-derground, General Pinochet builds the ranks of extremists. These latest atrocities reinforce the already strong human rights case against Chile's pending applications for loans from international development banks. Chile's poor cannot be well served by supplying funds to a regime that is their principal tormentor. Washington should

vote a resounding "no" on such loans. - THE NEW YORK TIMES.

# **Bailing Out Mexico**

Heave a sigh of relief that Mexico and its citizens send out \$5 billion a year to escape creditors have agreed on another big loan. but there is no end in sight for Mexico's troubles. It needs a further \$12 billion to stav aflost, and the IMF and commercial banks have prudently set easier terms than before. But no ane can be confident that Mexico's government is prepared, or strong enough, to revitalize its economy.

When Mexico suddenly ran out of cash four years ago — the first warning of the Third World debt crisis — the monetary fund and a global network of commercial banks came to the rescue with what they thought would be a nne-time transfusion to underwrite necessary reforms. Their prescription included wage restraint, budget cuts, lower barriers to imports and foreign investment and a sweeping overhaul of inefficient public-sector industries. But Mexico's insufficient progress on those fronts left it ill prepared for the collapse in oil

prices and a devastating earthquake. A foreign debt of \$80 billion in 1982 has conditions at home. The new loans barely cover these capital outflows. Real wages have declined and inflation approaches 100 percent this year. Interest rates keep rising

and only deepen the recession. Discontent has turned into disdain for President Miguel de la Madrid, in office until 1988. He will presumably be succeeded by a handpicked nominee of the Institutional Republican Party, which has firmly controlled the country for half a century. The world's bankers fear that they are throwing good money after bad. They also fear the consequences of writing off debts or plunging Mexico into politial turmoil.

Without borrowing still more, it could not dream of financing recovery. Yet with-out firmer foreign insistence ou reforms, it is unlikely to use the time and money now offered to great benefit. The Reagan administration seems undecided whether to demand painful belt-lightening or to settle for a superficial political stability. The bailers keep bailing but the boat keeps leaking.

-THE NEW YORK TIMES.

become \$100 billion and still grows, interest costs 59 billion a year, while Mexican

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#### **OPINION**

# Summitry in Iceland: No Place for High Hopes ...

PARIS — The meeting to take place in Reykjavik is a summit that we are not to call a summit, and from which we accordingly should not expect the results that we had been told would come from a summit.

The Iceland meeting next weekend is an innovation in political public relations that suits the domestic interests of both leaders at this time. Results are declared nun past commitments are deferred, past probems decently obscured. The Soviet-American unpleasantnesses of recent days can be for-gotten amid the geysers and lava of Iceland. It is a moment when both Ronald Reagan and Mikhail Gorbachev can use the favorable attention they will receive from the inter-national press and television.

President Reagan is under unaccustomed domestic political attack because, for the first time in the history of U.S.-Soviet relations, and notwithstanding the diplomatic fiction in which it was veiled, he exchanged a Soviet spy for a deliberately taken American hostage. He did so to defend the second summit

meeting he wants to have with General Secre tary Gorbachev. To hold a meeting in Iceland, without the obligation to produce sum-mit results, can both distract from and seem to justify the Daniloff-Zakharov transaction. There also are congressional elections in November; a meeting with the Soviet leader is likely to bein the administration.

Mr. Reagan can be counted on to enjoy himself in Reyjkavik, exercising his charm, relaxed because nothing vital is expected from him. He will enjoy the pleasures of a

summit without its responsibilities.

The Daniloff-Zakharov episode, together with the expulsion orders served by the United States on 25 Soviet diplomats at the United Nations, cannot have done Mr. Gorbachev any good with the KGB, which has become more than ever a crucial focus of power in Soviet government. His reform campaign meets continuing resistance and evasion.

The party's Central Committee has itself

just denounced, in Pravda, "complications, contradictory argument, unevenness ... various social-psychological and organiza-tional obstacles ... and opposition from solfish interests bent on retaining obsolete procedures and privileges" that hamper the reforms Mr. Gorbachev has called for. He said earlier this year that any meeting with Mr. Reagan would be pointless unless it By William Pfaff

could ratify significant agreement on one or another of the major areas of East-West contention. So far as anyone in public knows, no such agreement is ready. If anything impor-tant is signed in Reykjavik, it is likely to be the communiqué. But because this summit is not a summit, Mr. Gorbachev will be able to go back to Moscow enhanced by his second encounter with the U.S. chief of state and the glorifying cameras of world television.

Summit," as a term to describe a meeting of national leaders, comes from Winston Churchill's call in 1953 for a meeting of chiefs of state "at the summit." This meeting was to search for that "necessary reconciliation" (I quote historian John Lukaca) of Russia's security interests with those of the West which

has cluded us to the present day.

The proposal was dismissed by the Eisenhower administration as "somewhat ex-

treme." It was suggested in Washington that Sir Winston grew old, his powers diminished. Nonethelets, two years later, Dwight Eisen-hower traveled to Geneva to meet Nikita

Khrushchev, and summitry was launched. It has not proved wholly a good thing. It has become an immense force for the personalization of foreign relations. It has reinforced the false and anachronistic confusion of the relations of states today with what they were

in the age of dynastic rivalry.

Mr. Reagan and Mr. Gorbachev, on the summit stage, seem modern monarchs. They will appear in Iceland as King of the Demo-cracies and Czar of Communium, putstively craces and Czar of Communium, putatively able to settle great affairs between them. The press will report their smiles, their seeming complicities — or perhaps a chill. They will each be followed by a regiment of clerks, counselors, bodyguards, valets. The risk will

exist of fateful misunderstanding, a wrong word spoken, a challenge — a gauntle thrown down (Khrushchev threw shoes). That

adds to the interest of the occasion. Neglected will be the fact that these two men are transient and expendable figures. The fundamental interests and conflicts of the two nations will not yield to them alone. Summits have not, in fact, proved very serious occasions. Even then, as former Secretary of State Henry Kissinger has asked, why is a "summit" needed to prepare a summit? The answer is that this summit, which refuses its name, is being held in order to substitute

for that other summit that has been promised but from which results cannot be as It is the illusion of a summit, to take the place of a real one. It is a characteristic nnovation by two men who have proved intuitive masters of the political image.

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#### ... or a Fine Starting Point for a President in the Saddle?

N EW YORK — President Ronald Reagan's forthcom-ing meeting in Iceland with Mik-hall Gorbachev, the Soviet leader, deserves full bipartisan support. No president since Dwight D. Eisenhower has possessed such credibility in dealing with the Sovet Union. Mr. Reagan could never be accessed of being soft on any Communist. Whatever package he negotiates is therefore virtually assured of approval in Congress and in the nation at large.

The United States now has a rare opportunity, over the next year, to reach a series of agree-ments with the Soviet Union on a significant reduction of medium nge missiles in Europe; a framework for a 30-percent reduction in warheads on strategic misales; a definition of terms to preserve the Anti-Ballistic Missile treaty; a limitation on chemical weapons; and a schedule for phasing down mclear testing.
The criticisms of the presi-

of Yuri Orlov, a symbol of the human rights movement.

The president is also accused of "personalizing" summitry by suggesting that the differences between the two superpowers can be

and domestic issues.

dent's decision to meet with Mr.

Gorbachev seem to flow from narrow political and tactical con-

siderations. He is accused of ex-

ploiting the summit to influence November's congressional elec-tions. But Mr. Reagan himself is not running and will not run for office again. In any case, the elec-

By William H. Luers resolved by personal contact be-tween two leaders. Nearly every president since Franklin D. Roosevelt has been subjected, not without validity, to the same criti-cism. Somehow I feel Mr. Reagan is the least vulnerable to the blan-

shments of the Kremlin.

Finally, the president is said to be inadequately prepared. It is true that his White House has tions are likely to turn on local Others see the summit as part been more effective at political of a bad deal to free Nicholas theater than at intellectual leadership in foreign policy. Yet this summit and its successors should Daniloff. True, the administration's macho rhetoric (and its obvious ignorance of similar past serve to focus both Soviet and is) added confusion to this U.S. attention on issues that have been under study for years.

Mr. Reagan's base is solid. dismal affair. But the deal achieved the United States' major objectives, including the rele

There is no sense of desperation. He has two years to carry forward a program. He has finally begun to tone down his rhetoric, and he is dealing with a man in the
Kremlin who may genuinely be
prepared to deal on a few issues of
The New York Times.

great importance. The leadership cycles in both Washington and Moscow appear propitious. As a career diplomat who has been directly or indirectly in-volved in nearly every superpower summit since 1959, I believe that meetings between the Soviet Union and the United States should occur often. The leaders on both sides need to know one another and understand one another's environments, thereby reducing the dangers of accidental war while moving the broader agenda of arms control forward.

President Reagan risks nothing by meeting with General Secre-tary Gorbachev. Such meetings should be routine, not awesome

The writer, U.S. ambassador to Czechoslovakia from 1983 to 1986, is now president of the Metropoli-

# Some Americans Agree With Nakasone

WASHINGTON — A column of mine (IHT, Sept. 27) expressing dismay at Yasuhiro Nakasone's statement that America's achievement is held back by the large num-bers of nonwhites in its population has brought a wide range of reaction. Although I knew that his offensive remarks would be echoed by some Americans, I was not prepared for the extent of that sentiment, expressed in person and in letters. A publisher in Virginia dropped me a one-sentence letter: "Re the Jan prime minister's remark. He might have been right." I have received similar reactions from many others. An aglier comment from a Wash-

ington reader said, "Black Americans are a global disgrace." Mr. Nakasone delayed an apology five days, until Ambassador Nobuo Matsunaga told him he had touched off a firestorm that might result in a congressional resolution proposing a boycott of Japanese products. Signif-icantly, someone decided that Mr. Nakasone did not have to apologize for his cutting remarks about women, presumably because women do not have as much clout in Congress as

does the Black Cancus. It is clear that most Japanese who think Mr. Nakasone did something stopid mean only his going public with his views. The Washington Post's Tokyo correspondent, John Burgess, reported that opinion there is that Mr. Nakasone was simply talking common sense, saying that ethnic diversity creates confusion and discord, and that societies function best when people look, think and act alike, as they do in Japan." They believe in maintaining an in-

sularity: Too much contact with the outside world is contaminating. Japanese officials who spend too much

By Hobart Rowen

time abroad sometimes find it tough to resume their careers. Finance Minister Kiichi Miyazawa told me last week he doubted that any "qualified" Japanese expert would want the top job at the International Monetary Fand, which soon becomes vacant, Uniform racial composition has clearly worked well for Japan. The

Maybe Americans owe him a vote of thanks.

Japanese are a highly skilled, talented and successful race and nation, one that has recovered from a devastating wartime defeat, including nuclear bombing, to be the second-largest economy in the free world.

But racial diversity has been the source of American strength, as Americans recently recalled during the Statue of Liberty celebration. The waves of immigration in the 19th and early 20th centuries of British, French, Germans, Irish, Italians, Poles, Scandinavians and countless others made the United States great. Imagine America without Albert Einin, Jacob Riis, Felix Frankfurter, Enrico Fermi, Kenneth Clark, Irving

Berlin and LM. Pei. Foreigners did not find acceptance automatic. As is the case with blacks and Hispanies, many are still dis-criminated against. The melting pot process is still far from complete, as process is still far from complete, as evidenced by some of the disturbing reaction to Mr. Nakasone's blunder. His mistake is to believe that it is Japanese homogeneity compared to American diversity that has accelerated his country's rise to power in the

last few years. It is not because blacks and Hispanies are on the production lines in Detroit that those lines are less efficient than the ones in Toyota City. It is because black and white, Jew and Gentile, men and women of all shades have become fat and lazy, sure that the best the Japanese could do was copy American machinery and designs. The majority of Americans opted for 35-hour work weeks, a house in the suburbs and lots of leisure; Japanese opted to work harder

and live in crowded quarters.

The difference in national achievement also results from management's insistence on making a quick buck, and from labor's successful demand for wage gains that exceeded productivity. Together, management and labor have taken the short-term rather than the long transfer and an exceeded productivity. than the long-term view. Americans have not taken chances; the Japanese

have been ingenious.

For a while, America was so far ahead of everybody that it could waste time and resources. Now not only have the Japanese caught up with most American production pat-terns and exceeded quite a few, but other formerly backward societies are states. The Koreans and the United States. The Koreans are looking over Japanese shoulders. And down the road some years there is China.

It is time for Americans to wake up. Maybe we owe Mr. Nakasone a vote of thanks, if he stirs some selfexamination Americans do not need do not want and cannot have a racially pure society. Nor do they have to abandon all the rewards of a rich economy and live in anstere conditions. But all -white, black, Hispanic, whatever — need to raise work standards to match the discipline and dedication of others.

# NAKASONE!

# Blacks Might Do Well to Talk In America's Common Idiom

By William Raspberry

teachers could do for black students is to teach them, starting as early as possible, to speak English well.

Yes, standard English. The sort of English, written and spoken, that Americans automatically associate with intelligence. The counter-arguments, easy enough to anticipate, are mostly wrong. It is true that standard English is just another dialect in a country full of them, no more consistent or inherently correct than any

tent or inherently correct than any other dialect. No matter. Standard English, not Cajun or hillbilly or West Indian pators or Black English, is the language that marks an Ameri-Can man or woman as educated.

It is true, too, that inner-city black hildren are not the only ones who

have difficulty with the standard dia-lect. So do Hispanics, Asians, Buro-peans and others whose home language is not English.
Children of the black shops, and

not only the shims, resist "enwhiten-ment" by standard English, fearing to cut themselves off from their roots while not being accepted in the world where standard English is the norm. A black youngster who speaks "prop-er" English may find himself in ender" English may find himself in end-less playground squabbles, ridiculed and even physically assaulted, for acting "white." Ghettoese becomes

the language of machismo.

I know hove from homes where standard English is routinely spoken. Who work at learning Chettoese to win acceptance by their black peers. (Girls somehow manage to escape the

WASHINGTON — It is easy to oversimplify these things, but around age 14 or 15, they start being more careful with their speech.)

Teachers could be of enormous help. A sympathetic but tough teacher might tell her young charges that it is of no concern to her what language they use on the playground. But in

jon 1

her classroom, the only acceptable dialect is standard English. She might explain that different circumstances dictate different usages: Black English on the playgrounds, archaic "thees" and "thous" m church, and standard English the personnel office, on the job and in the classroom. If everybody had to speak the standard in the classroom, the stigma would disappear. Youngsters thus would accomplish what educated black men routinely

what educated black men routinely accomplish: a sort of bilingualism that renders them equally at home at work and play. Not only would they find themselves more employable on leaving school, but they might also find their schoolwork easier.

And how could teachers help them acquire standard English without croding their innate pride in black culture? One retired teacher used to do it by emplaying that so called

do it by explaining that so-called Black English is nothing more than the language slaves learned from their ignorant white overseers.

There are no doubt other ways of accomplishing the same end. However it is done, I see nothing but good coming from helping young people

— black youngsters in particular

acquire facility with the only language that confers instant respect. Washington Post Writers Group.

#### IN OUR PAGES, 75 AND 50 YEARS AGO

#### 1911: Children Sold PARIS - A curious case, in which a

mother is said to have sold her chilmother is send to have sold her chil-dren to a wandering band, comes from Rheims. M. Kneippert returned home on Wednesday [Oct. 4] to find his two nephews, Henri, aged 13, and André, aged six, who had come from Ay. Henri told him that about 15 days before their mother had sold them and their sister Marcelle, aged 11, to a band of nomads for three two-franc pieces. The bargain was concluded in a cafe. "The nomads," said Henri, "wished to buy also sister Germaine, aged nine, but mannia would not sell her. We were taken away and they made us sell laces, wire and needles and they made me wire and needles and they made me walk on stilts and dance in the street. The day before yesterday the villains could not feed us any longer, and they took us back to Ay. But they kept Marcelle." The mother is being sought for to make explanations.

MADRID — The Spanish government today [Oct. 5] placed an embargo on the export of gold and silver, go on the caport or goed and server, extending this to copper concentrates containing these metals. People are being urged to bring to banks pre-cious metals of all sorts. Persons lesving the country cannot take with them more than four peetss in silver comage. This action is taken to con-serve the resources of the nation, ac-

1936: Gold Embargo

cording to the presmble of the government's proclamation, "with a visw to better financing of the war now, and of national reconstruction in the future." While the financial resources of the republic are thus being mar-shalled, its food supplies are being brought under similar regimentation. A national provisioning commission has been created to organize the food resources of loyal provinces. Rations for forces fighting on the fronts are to be given first consideration.

### Demirel and the Road Back to Power

asked Soleyman Denninst, the former Turkish prime minister, the secret of his amazing comeback in the by-elections of Sept. 28, he answered, "Politicians never fade away. They die in the evening, but are resurrected in the morning."

Mr. Demirel accums to have

turned resurrection into an art. Thrown out of office by the military twice in the last 15 years and written out of the picture by local pun-dits several times, he has once again emerged as a political force. The election results indicate that,

despite a ban on his political activities extending into 1992, he is now poised to make his final assault to regain the seat he lost ax years ago and which is now occupied by frime Minister Turgut Ozal. In terms of election arithmetic, this is how the situation looks. The

True Path Party, for which Mr. Demirel conducted an all-out cam-paign, received 23.6 percent of the vote, becoming the main opposition party, while Mr. Ozal's ruling Motherland Party suffered heavy losses, capturing only 32.2 percent of the vote, as compared with the 45 percent it had received in 1983. Should this trend continue, and

Mr. Demirel is certain to do his utmost to see that it does, the True Path Party will have a good chance to overtake the Motherland Party and become the largest party in the parliament in the next general elec-tions, scheduled for 1988. The by-election results have

made it clear that the left, divided by a fratricidal fend; poses no serions threat to Mr. Demire's ambitions for a comeback.

and the second of the second o

By Mustafa R. Gursel

with obstacles. The first is the political ban that disqualifies Mr. De-mirel from officially undertaking political activity until 1992. However, both Mr. Demirel and Bulent Ecevit, another former prime minster, defied this ban openly.

The lifting of the ban would require a constitutional amendment. and President Kensa Evren, as the leader of the coup that wrested power from Mr. Demirel in 1980, is almost certain to oppose such a move. He has indicated that he would take such a proposal to the people in a referendum, and fur-thermore that he would "pack up

and leave" if he were defeated. The arithmetic becomes muddled at this point. Mr. Demirel'a populatity does not mean that Mr. Evren is unpopular, and there is no way of knowing who would come out on top should such a confrontation take place. The 1982 constitution, which included Mr. Evren's election to the presidency, was adopted with a 92-percent "yes" vote in a plebiscite. But the parties opposing that constitution won over 70 per-

cent of the votes on Sept. 28. Bearing in mind that campaign-ing against the constitution in the biscite of 1982 was not allowed, it is safe to predict that a confrontation would be very close.

Mr. Demirel, buoyed by his pop-ularity, is already talking of early general elections, but he is well aware that this is not possible. It requires the approval of parlians threat to Mr. Demire's smbi-ons for a comeback. ment, where the ming party, deter-mined to finish its five year term in office, enjoys a comfortable major-

ity. Furthermore, the splintered social democratic opposition parties are not likely to go along with Mr. Demirel on this issue, since they themselves have a lot of housementing to do before they can face the electronic name. the electorate again. Mr. Ozal is certain to use the two

years between now and the general election to make certain amendments in his International Monetary Fund-prescribed economic policies to woo the alienated seg-ments of the electorate back to his ranks. The Motherland Party has proved to be especially weak in the countryside. High inflation and unemployment continue to erode its base in the cities.

.Mr. Ozal will need all the support he can get from his friends in international financial circles.

Mr. Ozal's recovery through the Mr. Chair recovery through the IMF's ansterity program has become an example to other debtriciden developing nations. Now there is a political bill to pay. The question is whether his friends will help pick up the tab.

From the Western viewpoint, a

heartening aspect of the election lies in the crushing defeats of the small Islamic and ultra-nationalist parties. Those seeking a candidate for the Khomeini-inspired funda-mentalist revolutions in the Middle East had better look elsewhere. The by-elections also demon-

ers are basically a conservative and pragmatic lot. They are obviously not in the mood for adventure. Yet the cast of characters and the scenatios at hand in Turkish political life indicate that the future is likely

to be anything but dull. International Herald Tribune.

strated once again that Turkish vot-

#### **OPINION**

# **Watch Out for a Lot More** Of This Mangled Language

By George F. Will

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linked cases that it said would not be century is a matter for Madison Avenue. linked, accepted an equation it termed unacceptable (of a spy and a journalist)

#### The theory plays to two American weaknesses,

parochialism and vanity.

ment produces insincerity, from which flows mangled language.

Summit agreements are guaranteed.

Having paid ransom to the hostage-taker, the administration is traveling to Ice-land as a payment to get Mikhail Gorba-chev m do what he said at the Geneva summit he would do. There he agreed to a see come to a summit in the United States. Now he is attaching a condition: He must be guaranteed a pre-engineered summit that will yield arms control agreements he can be comfortable with.

At Geneva he also agreed to the principle of 50 percent reductions of force levels. The United States has acquiesced in a Soviet retreat toward 30 percent. The administration says that 30 percent is an interim step. Administration acquiescence is another attempt to purchase partial Soviet compliance with agree-ments so that other soon-to-be-shredded

agreements can be produced. The administration, expert at producing deficits, is running a hundinger with the Soviet Union. Outlays far exceed receipts in transactions with Moscow. In the Daniloff debacle, the administration made concessions regarding Soviet spies on the United Nations payroll, one-fourth of which payroll comes from U.S. taxpayers. The administration should at least have made the Soviets release as many dissidents as there are spies allowed to remain at the United Nations. It should have secured the release of the man, now dying in a Moscow hospital.

who two years ago refused to help set up an arrest of Nicholas Daniloff. Senior administration officials say, solemnly, that a rogue KGB may have arrested Mr. Daniloff to embarrass Mr. Gorbachev, Let's see: Mr. Gorbachev, who was a protege of Yuri Andropov, head of the KGB, has increased the

KGB coloration of the Politburo. The absence of intellectual ballast in the administration is also apparent wants a summit in order to practice when Donald Regan says that in the Daniloff case the Soviet Union lost "the wants a summit because he dines on public relations" because "now people who think like that. everyone knows what they are." Let's

WASHINGTON — President Reagon asys he should not have said the Soviets "blinked." But they probably did — in elated disbelief.

The Reagon administration, having Street, thinked the Street, thinked the Street, thinked the Street, thinked the Street, think the struggle of the 20th Street, the struggle of the 20th Street, the 20th Street, think the struggle of the 20th Street, think the struggle of the 20th Street, the 20

Administration spokesmen celebrate the locked summit-that-is-not-a-sumand eviscerated a principle (no trading mit because the president is a "great communicator" who can convince Mr. of innocent hostages for spice) in a swap it says is not a swap, is reeling toward a summit it says is no summit. Embarrass-about arms reductions. The logic of that line is that the arms race is the result of a misunderstanding, a failure to commu-mente. Hitherto, less communicative presidents have failed to assuage Soviet anxieties about American intentions.

Mr. Reagan has been sold a soothing theory that explains the dynamic of the Soviet state in terms of anxieties and paranoias rather than an ideologically paramotas ramer man an mecoogramy driven pursuit of power. The theory is that the Soviet Union is what it is (armed to the teeth, waging war on its population and aggressive at every turn) because it has had a hard history and has not had democracy to teach it civility.

This interpretation of the central drama of the century — the struggle between democracy and totalitarianism — is of almost antic superficiality, but it plays to two perennial American weaknesses,

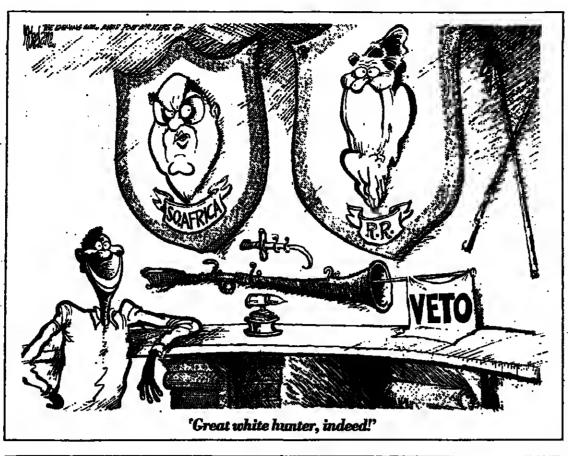
parochialism and vanity.

Intellectual parochialism causes
Americans to believe that everyone is
like them, or can be made to be like them, by them. Americans do not take ideology seriously, so neither do Soviet leaders, "really." The administration believes that Mr. Gorbachev wants to and the arms race so he can raise his people's standard of living. It believes this for no better reason than that American politicians are primarily concerned with living standards. It partakes of the national ing standards. It partakes of the nanoual vanity of believing that if Soviet leaders just see American supermarkets and swimming pools, they will see the folly of trying to win an arms race with a nation this rich. (Never mind that they know that the crucial and less impressive

variable is the willingness of Congress to compete with Soviet military spending.)
The administration believes that the impediment to Soviet reasonableness is Soviet neurosis. A therapeutic U.S. policy can dispet that, especially a policy advocated by a great communicator, es-pecially one who knows Communists from the experience of labor union strife in Hollywood 40 years ago.

The attitude ascribed to the administration in the five paragraphs immediately above may seem like caricatures of American innocence, However, the administration proclaims them and they explain recent events. Ronald Reagan

Washington Post Writers Group.



#### LETTERS TO THE EDITOR

Living With Differences: A Black American Responds

As a result, nearly all fields were opened to blacks except flight training. That was finally opened after World War II, during President Truman's administration.

After enlisting in the fall of 1944, I attended both a segregated recruit training center and a Class "A" school in Memphis, Tennessee. Byen then in recruit camp, hints were dropped as to beauty and the contain major black and Hispanic contain major black and hispa would not contain major black and His-panic contributions in literature, science

and the arts. The United States would certainly be less colorful and probably less interesting. Even more important, it would lack that great human experience that perhaps the Japanese have been denied — learning to live with differences. On balance, I think I prefer the American experience.

CHARLES STEWART,

In response to the opinion column "Na-kasone's Bhinder, in Context" (Sept. 27) by Hobart Rowen: May I advise columnist Rowen to turn to Page 3 of your Sept. 27 editions, where he will find a report entitled "Lit-eracy in U.S. — Wide but Shallow."

R. PUTTEMANS. Luxembourg.

In response to the report "Blacks, Women and Families: A New U.S. Military" (Aug. 26) by Richard Halloran:

In 1942, President Roosevelt canceled the U.S. Nsvy's "stewards only policy. As a result, nearly all fields were opened to blacks or Hispanics its statistical literacy rate would probably be higher. It would be more homeous to the report "Blacks, Women and Families: A New U.S. Military" (Aug. 26) by Richard Halloran:

In 1942, President Roosevelt canceled the U.S. Nsvy's "stewards only policy. As a result, nearly all fields were opened to blacks except flight training. That was finally opened after Walls and the second to blacks except flight training. That was finally opened after Walls and the second to black except flight training.

After centisting in the fall of 1944, I attended both a segregated recruit training center and a Class "A" school in Memphis, Tennessee. Even then in recruit camp, hints were dropped as to how well off we would be as stewards. a better person of me. CLYDE ALLEN.

From 1945 until my transfer to the United States in mid-1947, my first two squadrons were integrated except for the barracks. My first such barracks was in Memphis, where I attended a now-inte-grated Class "B" school. From then on until my retirement in 1976 as an E-8 (senior aviation chief machinist), all fa-cilities have been fully integrated.

Interestingly enough, navy segrega-tion only appeared after World War I, something to do with the majority of officers being Southern. During the Civil and the Spanish-American wars, black and white sailors fought side by side.

Two events I shall always recall:

 Early in 1944 a navy recruiter came to our high school to administer exams to locate prospective flight training cadets, His orders, and he told me so, were to screen out all blacks. Nevertheless, we were allowed to take them and were

gratified to be told we would have been cepted on the basis of the test results. Some 20 years later I appeared be-fore a squadron warrant officer selection screening board. After the session, to my surprise, an officer asked me how, as an officer, I would treat blacks who had broken navy regulations. My answer

was, the same as any other sailor.

My father once told me, "If you like what you are doing, stick with it." I did, and I feel that my navy career has made

How to Spring Russians

The case of Nicholas Daniloff, Gennadi Zakharov and Yuri Orlov has at last demonstrated a means to remove from the Soviet Union all those who wish to go. The United States must simply arrest Russians within its borders, then negotiate a trade. Russians have always been good at chess.

KJIRSTIN YOUNGBERG. Uithoom, Netherlands,

A Refuge of the Oppressed Scott Charles' letter (Sept. 27) criticizing French visa policy seems to miss the point, which is how to discourage terrorists. France, traditional refuge of the oppressed, needs the support of her friends in fighting terrorism.

MARSHALL MAY. Vaison-la-Romaine, France,

# The Lower East Side Learns How to See In the New Year

By William Geist

N EW YORK — Strange sounds — surge in Christian fundamentalists."

Customers come to the store in this group trumpet lesson — wafted out of the small shop onto Essex Street. Some of the passers-by gave smiles of recognition, while others stopped to find out what all the racket was.

Two teen-age boys, one Chinese and one Puerto Rican, reflecting today's population of the once predominantly Jewish Lower East Side, stopped in the doorway of the A&Y Sofrei Stam religions articles store and watched a duet:

#### MEANWHILE

Rabbi Aaron Lichter, in black Hasidic garb, blowing on a ram's horn, accompanied by Rabbi Yitzhok Reisman, on

the long twisting horn of the ibex.

The two rabbis own the shop and were demonstrating for customers the horns known as shofars, which they were pur-chasing to blow at Rosh ha-Shanah, the Jewish New Year, which began Friday

night, and Yom Kippur. Mr. Reisman said be was accustomed Mr. Resman said be was accusioned to explaining to people like these boys about shofar, tefilin, mezuzas and such, now that most of the Jewish population of the neighborhood has moved away.

"Besides," added Mr. Birnbaum, lot of the Jews who come around the days don't know much about their reli-gion anymore either." All that some of them know about the Unit was

gion anymore either." All that some of them know about the High Holy Days, he said, is that alternate side of the street parking is suspended.

A half century ago, the Lower East side termed with Jewish immigrants, and the neighborhood remains the prime Jewish marketplace in New York. Mr. Reisman fills orders from around the United States for torache and tefiling the United States for torabs and tefillin, the bittle black-leather cubes containing Scriptures worn by Jews on forehead

and arms during worship services.

The neighborhood still draws thou sands back for pre-holiday shopping pil-grimages. They come for religious arti-cles, yes, but also rugelach and round challas from Gertel's Bakery, free-chicken-soup-with-purchase-of-chicken from Muscovic G&M Kosher Caterers, and half-sour pickled tomatoes from Guss Pickles, one of New York's last remain. ing sidewalk pickle establishments, where there were lines all week.

I joined this religion for the food," said Abe Klein, who had to repeat what he was saying because his mouth was full of Taiglach at Gertel's.

"My grandparents came to this store," said Mr. Klein, who has moved to suburban Long Island. "My children heard about the Jewish tradition of the neighborhood and asked if we could come and see it."

"The third generation is returning to religion," said Mr. Reisman. "We have seen a tremendous revival of Orthodox Judaism, just as there has been an up-

Customers come to the store in this pre-holiday period to buy ethrog boxes, tefillin covers and 100-percent olive oil to burn in their menorahs, and dozens of other items. When there were no customers, Mr. Reisman and Mr. Lichter busied themselves at a table by the window, unstitching tefillin, checking the Scriptures for legibility, replacing them if need be and stitching them up again.

"A sign of the times," he said, pointing to the sign out front that read: "Tefillin Checked While-U-Wait." "People

are in a hurry." The rabbis have also been restoring torahs for the holidays. Roberta Berg came in to buy a shofar for her son. "I was really surprised he asked for one," said Mrs. Berg, who lives

Mr. Reichman demonstrates techniques of blowing the shofar, as well as the religious significance of the "one long, three shorts and nine shorter stills," as he describes the sounds. The

long note is a call to repentance and the sborter ones represent sobbing. He told her to sound the shofar on Sunday morning. "Don't blow it too early in the morning," he cautioned. "One time in Greece, I believe it was, the Jews began blowing the shofars and the gentiles thought it was some sort of call to insurrection and riots ensued." Mrs. Berg said she didn't think that would be

a problem in Scarsdale.

Some customers — "more or less fallen-away Jews," as one of them described himself - said they were embarrassed "to ask stupid questions" — like going to the hardware store and having to ask for a doohickey. Mr. Reisman and Mr Lichter said they were not disdainful of these people. "The only problems are when they complain about things like their tefillin not matching," Mr. Lichter said. They aren't supposed to match.

Mr. Reisman pointed out the increasingly popular Passover platters with the directions for the Passover seder written

on them, and the four questions that the youngest boy in the family is to ask.

Another shopper on the block said she had recently become interested in returning to the Jewish traditions that her grandparents practiced. She wasn't sure why, but gressed that it had something to do with looking for something "to cling to, to believe in" at a time when "everything seems so adrift."

When the elderly Mr. Birnbaum heard about what she had to say, he said that was cause for a blast on the shofar. He walked into the next shop, picked

one up and gave it a blast.

"Shanah Tovah!" be said to a group of teen-age Chinese boys on their way to play football in the playground across the street. Receiving blank stares, be said "Happy New Year" to them. They looked at him as if it were October.

The New York Times.

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By Michael Dobbs

LYON - Pope John Paul II has called on warring parties and terrorist groups throughout the world to observe a one-day truce later this month to coincide with an ecumenical peace conference orga-nized by the Roman Catholic

The pope's appeal came Saturday at the start of a four-day visit to eastern France.

About 10,000 policemen were mobilized to protect John Paul in one of the largest security operations ever mounted in France.

Addressing a prayer service in a Roman amphitheater where Gallic Christians were martyred in A.D. 177, the pope called for a "universal cease-fire" Oct. 27.

an opportunity for military and po-litical leaders to demonstrate that

word in relations between men and

Oct. 27 has already been designated by the Vatican as an ecumenical "day of prayer for peace." The pope has invited representatives of the world's Christian communities and major religions to the

join in the day of prayer. Vatican officials said that papal nuncios and other church representatives would try to contact governments and guerrilla groups throughout the world to urge them participate in the truce. Upon his arrival at the Lyon air-

port, the pope expressed horror at the series of bomb attacks in Paris last mouth that killed 10 persons and injured more than 160. To strengthen security for the pope's visit and for the Jewish new

er celebrations and the World Energy Conference in Cannes, the

government canceled all police leaves for the first time since student upheavals in 1968.

Pontiff's Day in Burgundy The pope visited an ecumenical ed Sunday Mass in the Burgundy. town of Paray-le-Monial, then re-Italian monastery town of Assisi to turned to Lyon to preside over a colorful meeting with French youth in a soccer stadium, The Associated

Press reported from Lyon. In Paray-le-Monial, John Paul returned to his offensive against abortion and divorce, saying that there were signs that modern civili-zation was developing a "heart of

100,000, he urged Catholics to work at conserving "a heart of flesh, a heart that has a human sensibility and a heart that lets it-self be conquered by the Holy Spir-it."



The pope celebrating Mass on Sunday at Paray-le-Monial.

# Zulu Leader Says Pretoria Must Accept a Unitary State

JOHANNESBURG - Mango- geographic units. suthu Buthelezi, the Zulu chief and politician, said Sunday that there could be no meaningful talks between blacks and whites unless President Pieter W. Boths accepted that South Africa was one country and most have a single Parliament.

Speaking to thousands of tribesmen in Enseleni, a village in Natal province, Chief Buthelezi laid down his toughest conditions yet for taking part in a National Statu-tory Council that Mr. Boths has proposed to debate a new constituion for South Africa.

Many black leaders have spurged this advisory council. The government considers that Chief thelezi's participation is essential for its success

Chief Buthelezi, who is regarded as a moderate, said he would not join the council unless it was constituted to negotiate the sharing of power between blacks and whites. At present, South Africa is governed under the system of apartheid, or racial separation, under which the white minority is dominant and the black majority is exchided from central government.

"We can negotiate about the form which democracy should be given in South Africa, but unless the state president accepts that South Africa is one country with one people who will share but one tiny, and must be ruled by one Parliament, meaningful negotiations between black and white will not get off the ground," the chief

committed to sharing power with the blacks. But he has ruled out a one-man, one-vote system in a unitary state. Instead, his National Party favors maintaining white domination in South Africa

through a federation of ethnic and The government has created 10 tribal homelands, four of which have accepted a status that Pretoria

calls independent but is not recognized as such outside South Africa. Chief Buthelezi, chief minister of the KwaZulu homeland, has rejected the offer of independence.

■ South African Goods Held The New York Times reported

from Washington: The Reagan administration has ordered a halt of all South African goods coming to the United States pending clarification by the administration of how to enforce the economic sanctions passed by Con-

categories of South African exports and all products made by companies affiliated with the Pretoria

On Friday afternoon, the Treasury Department ordered U.S. cnstoms officials at points of entry nationwide to stop all shipments from South Africa, pending issuance of a list identifying the companies whose products are banned

under the legislation. [Herman W. Nickel ended his four-and-a-half-year posting as ambassador to South Africa on Saturday, saying that the sanctions package enacted by Congress was an "expression of anger" that would not work as policy, Reuters reported from Johannesburg.

# Aquino Welcomes U.S. Aid Vote but Filipinos Question Ties

By Seth Mydans

New York Times Service MANTLA - President Corazon C. Aquino has expressed gratitude that the U.S. Senate reversed itself and voted to increase aid to the Philippines by \$200 million.

But the measure's initial defeat early last week was greeted in many quarters with shock and gave impetus to an emerging examination of the country's new relationship to

its former colonial master. With the increase voted Friday, the Philippines would get about \$500 million in overall military and economic aid in the fiscal year 1987, which began last Wednesday, slightly below the \$553 million re-

"While I do reiterate my appreci-ation to both houses of the United States Congress for the aid," Mrs. Aquino said Saturday, "I must also thank the American people who during my recent visit to the United arms.

A day earlier, Art Borial, a columnist, was calling what then appeared to be the defeat of the aid one of "the saddest chapters in Philippine-American relations."

"People are asking why the Unit-

But The Manila Chronicle said the Philippines should abandon such "fantasies" of rescue by the United States.

"We should begin to disabuse our minds about the weight of 'special relationships," it said in an editorial. "We suggest that, per-haps, in this sort of akepticism we can start our maturity as a sover-

A symbol of the two nations' ship is the presence of two huge U.S. military bases, which are

A commission that is drawing up a new constitution has decreed that any extension of the current agreement that ends in 1991 will require approval by the Philippine Senate.

Mrs. Aquino has stopped speak-ing hopefully, as she did in the early days of her presidency, of "massive aid" from Washington. Now she insists that the two nations should deal with each other on a more mature basis, as sovercign cousts

Her predecessor, Ferdinand E. Marcos, is now seen by many as here and a tighter rein on the perva-having been what is known here as sive influence of the United States.

ceived in 1986. The House ap-proved the increase earlier. when help is needed most," he before the nation can feel fully in-dependent. an "amboy," or American boy, who carried out the wishes of the United States, and turned to America in every crisis.

In special symposiums, in political pronouncements and in the colmms of their newspapers, Filipinos these days seem to be seeking a new identity.

One recent symposium of Manila intellectuals called for an end to the two nations' "special rela-tionship," removal of the American bases, declaration of a national language to replace English as the common tongue, monitoring of American researchers and echolars

#### **POLICY:** Disarray After Sanctions

(Continued from page 1) cies that I think are adding to the chaos and undermining U.S. inter-

ests in the region." Even before the sanctions bill was passed, the credibility of the administration's "constructive enragement" policy was being called into serious question. Both conservatives and liberals seemed to agree the administration's quiet diplomacy tactic had failed.

Already, the Angolan government has stopped cooperating with the administration in its efforts to negotiate the withdrawal of Cuban troops from Angola and indepen-dence for South-West Africa, or South Africa.

In addition, "front-line" black African nations bordering South Africa are up in arms over the ad-

hours before, A Pentagon spokes-man traveling with Defense Secre-tary Caspar W. Weinberger from

Washington to China on Saturday

said that the "first information came at 4 to 5 A.M. Washington

Although they would not dis-

submarine monitoring the Soviet

vessel. Monitoring is standard pro-

cedure whenever Soviet subma-

fighting the Marxist Angolan government. Zimbahwe's president, Robert Mugabe, in a United Na-tions speech Thursday called this an example of "state terrorism."

The administration's relations with Zimbabwe, economically and politically the strongest front-line nation took a turn for the women this summer when a Zimbabweau minister criticized U.S. policy in the region at a July 4 party at the American Embassy in Harare. In response, Washington has cut off aid to Zimbabwe.

Now U.S. relations with the white South African government also seem likely to take a turn for the worse as the administration applies, willingly or not, the sanctions voted by Congress banning new U.S. investments in South Africa South African iron, steel, coal, uranium, textiles and agricultural

Congress and Mr. Reagan now have left the State Department with the task of picking up the disjointed and contradictory pieces of the administration's southern Africa policy: sanctions against South Africa; military assistance to South African-backed Angolan rebels; the absence of diplomatic relations with Marxist Angola but continuing economic and diplo-matic support for Marxist Mozamto Zimbabwe.

Reagan Repeats

Appeal to House

Washington Post Service

Ronald Reagan has reiterated a

tions approved by the Democratic-controlled House "could well jeop-

ardize the chances for successful

discussions" at his meeting Satur-

day and Sunday with Mikhail S.

Mr. Reagan, in his weekly radio address Saturday, said: "The Sovi-ets must not think that delay could

work to their advantage by gaining from the Congress what they can-

not win at the negotiating table. I'm asking the Congress to be espe-

cially alert about sending the Soviets a message of national unity."

In a Democratic response, Representative Vic Fazio of California

said that congressional Democrats "stand behind you, Mr. President" in the talks. But he added that the

U.S. economy "is in trouble" and urged Mr. Reagan to accept cuts in defense spending.
"Our omnibus budget bill freezes

domestic expenditures and asks

only for an equal sacrifice on de-

WASHINGTON - President

#### WORLDWIDE ENTERTAINMENT



#### PARIS 1986 OCTOBRE DÉCEMBRE

La Ville de Paris présente le XXIV\*FESTIVAL INTERNATIONAL DE DANSE DE PARIS OPÉRA COMIQUE

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OPÉRA DE PARIS

DANSES ET MUSIQUES DE BALI LE THÉATRE DE LA VILLE LE BALLET DE TOURS-JEAN-CHRISTOPHE MAILLOT

## **DUTCH:** Shield Against the Sea

project.
"This will end the mythology of the dumb little Dutch boy with his stupid finger in the dike to save his country," said Louis van Gesteren, an Amsterdam sculptor. "Listen, we are a technological people." It was on this island, once a sand

ber, that the concrete piers of the barrier were constructed. Each rose up to 120 feet and weighed 18,000 tons. Engineers found a way to float them, using the principle of buoyancy and a vessel equipped with two gantry cranes to position the piers in water 80 or 90 feet

Before this could be done the sea bottom had to be prepared to re-

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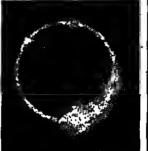
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(Continued from page 1)
landers at the inampuration ceremony on this man-made island that
mony on this man-made island that
of gravel and sand that were battered by a compacting rig.

was covered with mattresses containing graded rock to absorb the changing water pressure in the sub-

The mattresses were then wrapped in a blanket woven of flexible steel that, in turn, was covered by rolls of quarry stone held by wire mesh; all this was done to sure that the piers would not move by more than an inch or so in the strong currents.

When the piers were in place, their hollow core was filled with sand to ensure stability.



LIGHTS OUT - The moon passed in front of the sun Friday for a total eclipse that lasted four seconds. Because of fog, it was visible only over the Atlantic between Iceland and Greenland.

submarine would probably have sunk, and the radiation would be so

diluted by the vast ocean that it

Both Mr. Mills and Mr. Rossin

stressed that they were speaking in general about the physics of nucle-

ar energy and the design of miclear safety systems and had no specific

information on the submarine acci-

Black

Karpov

Kesperov

would pose no danger.

energy and technology consulting firm in Washington. "It's not a bomb that's bottled up."

"It's not appropriate to talk of muclear explosions — that, I believe, is not a realistic thing," said A. David Rossin, the U.S. assistant secretary of energy for nuclear en-

He said it was "entirely possible" dent or on the design or safety that Soviet assurances that there systems of nuclear subs.

It was a chemical explosion of nuclear fuel — not an atomic blast White

A release of radiation from the

But in that case, he said, the

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# miclear missiles,

#### **NUCLEAR:** No Peril Seen

(Continued from page 1)

was no danger of explosion or contamination were correct.

- that occurred in a runaway chain reaction at a nuclear power plant at Chemobyl, in the Soviet Ukraine, on April 26. A large radioactive plume subsequently spread over Soviet territory and much of Europe.

Soviet submarine would have occurred only if the ship's reactor core, where enriched platonium or uranium fuel is stored, had been breached, said Mr. Mills, a physi-

# SUBMARINE: Fire Is Out between Mr. Reagan and Mr. Gor-backer in Iceland that starts Satur-A U.S. State Department spokesman said that Mr. Gorba-chev's message arrived in Washing-

seas. As of now, according to the information we have, if confirms what the Soviet have said." The submarine belongs to what U.S. military officials refer to as the Yankee class. It can fire up to 16 ton at 9:06 A.M. local time. But the Pentagon apparently had learned of the incident several

George C. Wilson, the Pentagon correspondent of The Washington Post, quoted U.S. military sources as saying Saturday that 50 of the submarine's 120 crew members had

been taken off the vestel. Soviet officials dispatched several merchant ships to the burning

A State Department spokesman how the Pentagon learned of the For Arms Unity said that Mikhail S. Gorbachev, the Soviet leader, sent a message to U.S. submarine specialists in President Rouald Reagan early Washington confirmed that the Saturday that reported the fire and United States knew the submarine casualties and gave the ship's locawas in trouble before Mr. Gorba-

chev notified Mr. Reagan. Mr. Reagan offered U.S. assistance to the Soviet government, the close who sent the first message about the submarine, it is likely that this came from a navy attack

spokesman said, but the offer was declined as unnecessary. Western diplomats in Moscow said the disclosure was unusual for the Soviet Union, which has been

guarded about any accidents, par-ticularly those involving the mili-Some attributed the openness to

WEN MANY

3 74 1 2 2

rines sail along the U.S. coest.
The United States also has listening devices on the ocean floor concern that the event not interfere with preparations for the meeting

that keep track of passing subma-rines. A fire alarm going off inside the submarine might have been heard by the system, the sources After the fire broke out, apparently in the missile storage area, U.S. sources said, the Soviet commander was unable to bring the fire under control. He took the subma-

rine to the surface, where it was spotted by U.S. satellites. Both the United States and the Soviet Union have lost nuclear submarines at sea.

The Tass announcement reflected Mr. Gorbachev's campaign for more candor in the Soviet media. In recent months, the Soviet press has reported an airpiane hijacking in the Ural Mountains, a shipping accident in the Black Sea and earthquakes in central Asia and Moldavia, providing details that before would never have been offi-

cially confirmed

fease spending after years of build-up," Mr. Fazio said. The House has approved a ban on nuclear testing and mandated compliance with the unratified 1979 strategic arms limitation treaty. It has also voted cuts in Mr. Reagan's Strategic Defense Initia-

# **SUMMIT:**

#### During Test, Killing 10 (Costimued from page 1) New York Three Service

NEW YORK — The Soviet Union has announced that 10 persons were killed and 14 were injured last month when a 40-yearold highway bridge over Latvia's main river collapsed during a rou-

tine test for strength. in the test, conducted Sept. 20, 14 heavy trucks filled with gravel

and the chest federation scheduled a new match for last fall, this one limited to 24 games.

Mark Taimanov, a Soviet grand-were driven onto the bridge, over master who has been a fixture in the Daugava River at the Kegums power plant, 30 miles (50 kilometers) southeast of Riga, for stresses

# TURKEY: More Aid Is Wanted

(Continued from page 1)

force flying many Korean War-era jets, even U.S. officials agree in principle that the Turkish armed forces need about \$1.25 billion over the next 10 years to modernize.

States has not tried to meet these basic military needs and has decreased aid to Turkey in the last three years. Nor is he appeased by a Reagan administration appropria-tion for \$974 million for fiscal 1987 because, he said, the administra-tion has shown no inclination to fight in Congress for the outlay.

those requests have been slashed each year by Congress, acting un-der pressure of the Greek lobby. While U.S. officials at the embassy in Ankara will not speak about the issue on the record, they have indicated in the past that the Turks have an unrealistic view of what the administration can do in

money that Turkey wants, and

can politics, Mr. Ozal said when confronted with that explanation.

But I know another thing, too: that an administration like President Reagan's is a strong one and even the score.

The White House, he said, has that it can get what it wants most "This match has been the most failed to request the amount of times if it wants to work for it."

#### Latvian Bridge Collapses Gorbachev's Goal the Kremlin had chosen to concern

trate on intermediate forces as the key to an eventual strategic, or in-tercontinental-range missile, agree-ment with Washington. ■ Differences on Tests Gennadi I. Gerasimov, the

spokesman for the Soviet Foreign Ministry, said on a U.S. television program Sunday that the best prospect for reaching an agreement in locland was in the area of intermediate-range nuclear forces. The Washington Post reported from Washington. But he added that "the priority

No. 1 for us is to agree to stop nuclear tests and to talk about a test ban treaty."

A few minutes later on the same program, Secretary of State George P. Shultz reiterated the U.S. determination to continue testing. "As long as we rely, as we do, on

nuclear weapons as our primary deterrent against war, there will be a need for testing," he said. Accord on a Site

choice of the Holdi, a house of Reykjavik Bay, as the site for the Reagan-Gorbachev meeting, The Associated Press reported. At the same time, Prime Minister

Iceland announced Sunday that the Soviet Union had accepted its-

Steingrimm Hermannsson and nounced that Mr. Gorbachev's wife, Raisa, would accompany him to Reykjavik



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obcdefgh KASPAROV/WHITE At adjournment, after 40 . . . # Asperov 41. No.7 42. Nf8+ 43. Rb4 44. Rxo4 45. Q46 46. Q44 Hlack resp Karpov 35. Ras 36, Rxx4 37, Rx7 38, Kh2 39, Rb7 40. [3 (diagram) CHESS: Kasparov Regains Lead fascinating in my memory," said

GAME 22 QUEEN'S GAMBIT

limited to 24 games.

(Continued from page 1)

voongest world champion in the nistory of the game. But the rules laid down by Mr. Campomanes guaranteed Mr. Karpov a return match, and despite Mr. Kasparov's protests over the arrangement, the two men squared off once again July 28 at the Park Lane Hotel in London, Mr. Ka-

sparov was now 23 and Mr. Karpov By the time the 12 games in London were finished, Mr. Kasparov led by one point. In Leningrad, he quickly raised his lead to three. But in the 17th, 18th and 19th games, Mr. Karpov abruptly turned the tide, capitalizing on Mr. Kaspar-ov's excess ambition and errors, to

and the chess federation scheduled Mark Taimanov, a Soviet grandthe match. "Nobody could have Mr. Kasparov returned a more believed that the score would be and deformations to be measured. mature player, and the lead changed three times before he match."

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Mr. Ozal said that the United

seeking to provide aid.
"I know the problem" of Ameri-

# Low Franc Is Linked To Upswing of Mark

ARIS - The French franc has ARIS — The French franc has dropped to record lows against the Deutsche mark less than six months after it was devalued in a major realignment of the European Monetary System (EMS).

The sharp decline owes more to the strength of the West German currency than to a flight out of franc-denominated assets. But it highlights the problems facing a French government that hopes to phase out all remaining exchange controls by the end of this year.

exchange controls by the end of this year.

The franc's lofty position at the top of the snake, established after April 7's general realignment, was held only briefly. It slipped steadily toward the bottom of the EMS over the summer and is now the third weakest unit ahead of the Belgian franc and Danish krone. The irony is that the French economy is in

The irony is that the French economy is in its best shape in decades. July's ammal inflation rate of 2 percent was the lowest for 20 years, the budget presented to Parliament on Sept. 15 included an upbeat forecast of 2.8-percent growth in 1987 and the current account of the balance of payments is set to register a 30-billion to 40-billion franc (34.54-billion to \$6.06.billion) are properly the year. billion to \$6.06-billion) surplus this year.

The weakness of the franc has prompted the

Bank of France to intervene heavily in the foreign exchange markets to defend the curren-cy. Dealers estimate that the central bank sold about 500 million Deutsche marks (\$250 million) against the franc on Sept. 17 as demand for the West German unit pushed it up against

all major currencies.

The short-term determining factor for the franc is the Deutsche mark/U.S. dollar relafranc is the Deutsche mark/ U.S. donar reactionship," noted J. Paul Horne, chief economist at Smith Barney, Harris Upham in Paris. "If you think the dollar is going to reach 1.75 marks, you can be almost sure there will be a mark to the 100.105 cause maybe the Bank of in the 1.90-1.95 range, maybe the Bank of France can hold out. It seems to me that the United States is looking for 1.80-1.85. That

implies a devaluation of the franc,"

The growing uncertainty about the stability of the EMS is another factor undermining the French currency. The unexpected devaluation

Lepeau

THE PARTY

of the Irish pound on Ang. 2 and the recent pressure on the Danish krone have alerted investors to the risk of holding funds in high interest rate EMS currencies.

The weakness of the franc on the cross with the Deutsche mark poses problems for Prime Minister Jacques Chirac's center-right coali-tion whose radical economic policies demand a stable currency. The government's economic program includes the privatization of state assets, relaxation of exchange and price controls and plans to cut both taxes and the

Concern about the franc's fall below its central EMS parity of 3.2562 to the Deutsche mark was behind Mr. Chirac's recent move to add his voice to those of officials in the United States calling for a West German discount rate

Fig clearly believes such action would relieve pressure on the weaker EMS currencies as investors switch funds out of Dentsche marks

to seek a higher return in other markets. The Bundesbank has so far ignored such demands. Bonn insists that the West German economy is performing well enough without a nudge from lower borrowing costs and that the current level of interest rates is needed to bring money supply growth back within the official 3.5-percent to 5.5-percent target range.

Most analysts expect the franc to hold its parity within the EMS through 1986. But there are clear signs that another devaluation is like-

ly early next year.

Fundamentally the franc is weak against the Deutsche mark despite the fact that the inflation differential has been sharply reduced to 2-2.5 percent," said Mr. Horne.

"One reason is that the structural inflation gap [the differential between the rate of growth of unit labor costs) is running at about 3-3.5 percent. Another is the substantial difference between the current account surpluses in each country. The turnsround in France is largely due to the oil price collapse, while in Germany there is a much larger surplus on manufactured goods," added Mr. Horne. Brinsley Best of Best and Associés, a Paris-

based advisory service, is also wary of the

Continued on page 10



The Paris stock exchange and its Metro station.

# **Banking Changes** Likely to Narrow **Profit Margins**

By Vivian Lewis

ARIS - All over the world, bank regulators are getting rid of outmoded rules. U.S. banks are finally being allowed to cross state borders to buy thrift or banking institutions that otherwise would go bankrup; West German banks are being allowed to deal at home in a more international fashion, in pools led by foreign banks, in European currency units; British banks and brokers are to be allowed to take control of stock market intermediaries and

London's Big Bang, with its banking re-forms, is an international phenomenon, and in France, too, there have been and will be changes in the rules governing banking. In a world of increasing global competition be-tween financial markets, Paris has had to adjust in order to keep its share of international business. But because the rules of the game have been so different in France, with different constraints and different liberties than in other banking centers, the adjustments being made here are very different, too.

And the changes are likely to weaken French banks in the international struggle for business and profits. Even getting the government out of the banking business in France will proba-

bly hurt the French banks.
Among Western industrial countries, France is alone in having an almost wholly state-owned banking sector. The product of a series of politically motivated decisions taken first by General Charles de Gaulle in 1945 and then by President François Mitterrand in 1981, the nationalization of French banks is about to be reversed by a similarly politically motivated decision taken by the center-right government that was elected in March.

Although large French banks are among those covering the widest geographic networks, and although French rules governing the opening of foreign-owned branches and subsidiaries are among the fairest in Europe in that they treat foreign applicants for a bank license the same way as indigenous applicants, French banking privatization will break with these liberal traditions and the trend toward the globalization of banking that its own institu-tions have benefited from. Because of politicking the law on denationalization of banks will outlaw any foreign investor or group of investors from taking more than 20 percent of the stock of a formedy state-owned bank.

The problem is that French banks for the most part are not very attractive under interna-tional norms of profitability, capital ratios or quired to limit their interest in French banks to taking a portfolio stake that will not give them a chance to manage the Prench institution, they may balk at investing in French banks at all. They are more likely to just decide to open on their own in Paris, adding to the competi-

Contrary to free-market theories, then, one result may well be that privatization will be as adled as nationalization was. A recent poil shows that 55 percent of French citizens are not interested in a chance to acquire shares in the institutions to be privatized.

Coupled with the denationalization drive are a number of other measures that should make Paris a more attractive banking center. But there are also problems that will make it harder for French banks to reap the benefit, most

notably their gross undercapitalization. So long as they were owned by the govern-ment, it was possible for leading French banks to do business on a scale that their meager equity would not have allowed them to perform under private ownership. Recogn the problem in France has led banks, with regulatory approval, to increase their loan-loss reserves, creating a sort of pseudo equity. But private stockholders are less likely to tolerate this kind of accounting, because it cuts into their prospects for dividends.

And even with the incorporation of newly issued capital from special issues of share-like

instruments on the domestic market and per-petual subordinated loans internationally, most banks are still short of the 5-percent target level of coverage of their assets (lending total) set by the Bank of France nearly a decade ago, even when special rules not always acceptable in the international marketplace are used to artificially increase the volume of their equity. And because of high overheads and diminishing margins, there is not much French banks can do about the problem on their own.

It is no accident that one of the rare French banking groups to have an equity ratio comparable to international norms, Paribas, is to be the first banking group on the denationaliza-tion list. Paribas is not just a bank; it is also a financial and industrial holding company, which is a major reason that its equity level is higher than that of its French rivals.

Because the rules have been so different, with different constraints and different liberties, adjustments are very different too.

Although foreign banks are unlikely to find much argument in favor of buying "calling card" (below 5 percent) participations in French rival banks, they are very interested indeed in operating in France. The trouble is that new French and foreign entrants are likely to further squeeze the volume of business and profits of the banks already established here. By the end of 1986, an estimated 24 new banks are expected to have received their li-censes in France, a third of them foreign. Among them is Italy's Istituto Bancario San Paolo di Torino, which opened its doors last month. In addition, twice as many new finanget approval from the Bank of France, many as finance houses or maisons de titres, a new category of institution created by the 1984 bank reform law and particularly attractive to foreign stock brokerages. So far only Japanese firms, Yamaichi and Nomura, have created maisons but there are currently applicants from the United States, the Netherlands and Britain before the Bank of France.

Becoming a maison enables a bank, insur-ance company or brokerage house from out-side France to do almost all investment banking operations without the high capital required for a full banking license as would be required in London, for example. They are allowed to transact, sell or invest in stocks and bonds for themselves or their clients, engage in counterparty operations and gray markets, do fund management and investment, operate on the interbank money market and do arbitrag-

The proliferation of new bank establishment in France reverses the trend of recent years. In 1985, the number of banks licensed to operate in France began to rise again after falling during the early years of the Socialists. The reversal may mark a better political climate in France, notably the liberalization moves of the last Socialist finance minister, Pierre Bérégovoy, as well as recovery from the economic

Continued on page 9

# **Economy Remodels to Spur Investments**

By Dinah Louda

ARIS — The economy of France, while it responded only sluggishly to the pro-business reforms of the first fundamental ways that will attract an investment surge and achieve sustained growth by 1988, senior government officials say.

Mr. Chirac's team attributes the slow re sponse to the scope of their version of supply side economics, designed to reduce the tradi-tionally preponderant state role in the French

"I can think of no precedent for liberalization on such a scale as ours," said Finance, Economics and Privatization Minister Edouard Balladur, the main architect of economic policy.

But he recently acknowledged, on French television, moments of frustration at industrialists' reluctance to expand operations and hire more workers. Unemployment, the most politically sensitive issue for the government, remains at an all-time high with 11 percent of the work force, or 2.5 million workers, out of work.

Mr. Balladur predicted that the government's economic program will start to produce effects in mid-1987. Even on the employment front, the economy will begin to create more

; jobs than it destroys, he said. Ambroise Roux, former chairman of CGE, the engineering and telecommunications group, agreed. The government should have some good indicators at the time of the campaign for the 1988 elections," he said. In March 1988, France is scheduled to hold presidential

#### Highlights Of the Budget

francs, up 1.8%. Defense spending grows 5.9%.

Anticipated deficit: 128.6 billion francs, down 16.7 billion.

Personal tax cuts: 15 billion francs. Lower marginal rates. Abolition of wealth tax.

Lower tax on redistributed profits, but cuts in aid to industry.

Job cuts: Elimination of 19,000 civil service posts.

Foreign businessmen also see signs of basic change. French officials regularly cite the in-flow of foreign capital, which Mr. Balladur estimates at 53 billion france (\$8.03 billion) since the April devaluation within the European Monetary System, as proof of foreign confi-

"We see and we feel the improvement, and the tempo is quickening" said Wallace R. Baker, a lawyer who advises international investors. But, he added, "It's a long-term

The economic and industrial liftoff that Mr.

called the "psychological boost" of a conserva-tive victory last March failed to materialize this year. Even in 1987, France's gross national product is expected, on the basis of the latest estimates, to grow by only 2.5 percent, scarcely more than this year (the official estimate is 2.8

Albert Merlin, chief economist at the Saint Gobain glass and industrial group, said: "The only realistic chance of slightly faster growth, say 3 percent, would be a major sport in the German economy." West Germany is the big-gest buyer of French exports.

Undamted by slower than expected growth, the government is determined to carry out its four main free market reforms: privatization, lation, budgetary restraint and tax cuts. But the very scale of change, and occasional obstruction from Socialist President François Mitterrand, has led Mr. Chirac to adopt a gradual approach.

The privatization of 65 industrial and finan-

cial groups, most of which were nationalized by the Socialist, represents the most radical break with the Socialist legacy. But only three companies, starting with Saint Gobain, the investment bank Paribes and the insurance group Assurances Générales de France, will be put up for sale in the coming months. Mr. Balladur will pay great attention to the state of the market at the time of sale. There will also be a 20-percent ceiling on foreign share owner-

Reducing public-expenditure is another key

element of the program.

"This is the first time since 1958 that state spending will increase less than prices," said Budget Minister Alain Juppé. The 1987 budget reduces the deficit by about

nised would come with what he 17 billion france at the same time as it cuts taxes by 27 billion france; or 3 percent - a bit less than first promised. Tax measures include the abolition of the Socialist-sponsored wealth tax and a lowering of the highest marginal income tax rate from 65 percent to 58 percent, tax exemptions for lower incomes and 11 hillion francs in corporate tax outs

In some areas, such as wage deindexation, the lifting of price and exchange controls or the creation of freez capital markets, the government is simply extending policies initiated by its Socialist predecessors. Although several further steps have been taken, the complete elimi-nation of exchange controls, scheduled for the end of the year, has been postponed.

"One doesn't change mentalities overnight," said Industry Minister Alain Madelin. But the "cultural revolution" in French attitudes toward business and profit has begun, he said. To promote innovation and risk-taking throughout the economy, "the bood between bureaucrats and industry leaders, scaled by years of state subsidies, must be broken," he added, and markets, not ministers, must decide which companies should survive.

"By restoring investor confidence with our supply-side policies and freeing business from the dirigine straitjacket, we hope to be able to again grow faster than our European neighbors by the end of the decade," Mr. Madelin said. Through the 1960s and until the mid-1970s, the French economy was able to grow about one percentage point faster than the European avrage and still usually keep the current account

The key to restoring France's industrial

Continued on page 8

# French banking with Banque Indosuez.

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going back in some cases to the last century. In addition to its international network, Banque Indosuez has been headquartered in Paris since 1875 and has branches in all major French cities active in international business.

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New Issue • September 5, 1986

# **Bourse Woos Small Investor**

By Alan Tillier

ARIS — The corbeille, or ring of velvet-topped railings in the middle of the elegant Palais Brongniart, the home of the Paris stock exchange, is to be dismantled soon and replaced by new trading posts.

Already, the corbeille, the very symbol of capitalism in France since it is where only the tightly knit group of 69 official stockbrokers can trade, encompasses three information terminals.

If Finance, Economics and Privatization Minister Edouard Balladur has his way, the Bourse, as the exchange is known, will be opened to millions of new small shareholders. In general, foreign investors have shown the way to profits on the Paris exchange. Among the late summer orders were those from Japanese institutional investors taking a 6-percent

stake in Club Méditerranée.

Mr. Balladur's plans for privatization include a hard core of French companies to buy into the denationalized concerns, for staff to be offered 10 percent, foreign stakes to be limited to 20 percent initially and, hopefully, the rest to be spread among millions of investors.

This will finally open up the Bourse, a process started by former Finance Minister Rene Monory in the late 1970s — after the Bourse's low point in 1977 — when he introduced the SICAC unit trusts.

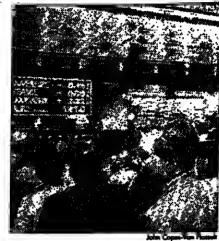
The CAC index reached a record 412.5 on Aug. 29, moving Paris to outperform Tokyo, which had risen 47 percent since the start of

The omens were very favorable for Paris just before the September crisis in the world's exchanges. Some analysts were predicting that the CAC index would go to 500. The most pessimistic among them saw consolidation at 380.

The government's policies on prices, exchange controls, credit and hiring and firing also underpinned the exchange. Half-year profits looked good and Elf-Aquitaine, the oil and chemicals group, which is one of the market's main barometers, amounced six-month results of 3.54 billion francs (\$530 million), 17 percent up on the same period of last year.

Wall Street or not, Paris was one for a correction at the beginning of September. To the amazement of all, the market rose for 15 straight days in the normally "dead" month of

Despite higher profits and favorable economic gestures from the government, the exchange remained alightly nervous about the internal political scene and whether President François Mitterrand would call a quick presidential election or dissolve Parliament over the



Traders at the Paris Bourse.

thorny question of the rightists' redrawing of electoral boundaries.

Meanwhile, on Sept. 10 in a TV appearance, Mr. Balladur gave a favorable report on the economy. He confirmed the policy of "freedoms" in the economic and monetary fields and said the economy would really start benefiting from these freedoms, as well as personal and corporate tax cuts, by the third quarter of next year. It was the sort of confident, long-

range forecast an exchange relishes.

The CAC index, which began to slip at the start of September due to profit-taking and political fears, picked up on the eve of Mr. Balladur's TV appearance but then fell back.

The Pulsic Beneguieth has its charge of persistence of persistence of the profit of the start of the pulsic Beneguieth has its charge of persistence of the pulsic Beneguieth has its charge of the pulsic Beneguieth has its charge of the pulsic Beneguieth and the pulsic Be

The Palais Brongniart has its share of pessimists, but the vote of coulidence by foreign buyers, particularly in London, has kept this pessimism at bay. The British, for example, bought heavily into Peugeot, France's largest automobile group and the country's major exporter, in the confident hope that the group's return to profitability, announced in the summer by its chairman, Jacques Calvet, was just a beginning and could increase in the next few

Xavier Dupont, head of the Compagnie des Agents de Change, who runs the Bourse, said that all these changes have led to the development of the volume of trading.

. Capitalization of shares had risen to 900 billion francs in July, 6.7 percent higher than a year previously. The three-year-old secondary market continued to grow and accounted for 10 percent of total capitalization. There are 102 companies trading in Paris and more than 50 in the provincial exchanges, notably in Lyon. There are even some foreign companies seeking capital in this way.

ing capital in this way.

The government was pleased by this expansion of shares and activity. It showed that the

Bourse was now better equipped to shoot the coming privatization of Saint Gobits the glass and materials group; Assurances Generales de France, an insurance group, and the Paribas investment bank.

they would be the first to be sold, his ministry had stressed that the 126-percent jump in new issues and nonvoting shares (certificute dimentissement) in the first half of the year underlined the health of the exchange.

ined the health of the exchange.

Mr. Dupont does not deny that Paris has copied other exchanges. The Paris secondary market, which has been such a help to small dynamic companies, was based on London's unlisted securities market (USM), while the Toronto model provided the example for the software and the training for the continuous

market.
"We have been empirical to gain time," Mr.
Dupont said.

Empirical is also the word to determe the way the CAC has allowed bankers to start trading on the futures market. The CAC with its 45 member firms, will remain the main intermediary. Mr. Dupont thinks the Big Bang in London could create a problem in that brokers and bankers may have difficulty finding the right marriage arrangements — or in some cases, marriage partners at all.

some cases, marriage partners at all.

Paris, where the volume of transactions in the first six months was 1.12 billion francs, remains a fraction of the size of New York, London or Tokyo, but Mr. Dupont thinks it has an important role to play despite London's pretensions to "cover" the information side of a 100 major companies, including 30 major French companies, and therefore assure the

trading.

He said: "I think we have a fairly good card here. The West German market is strong but divided. The Italian market has expanded rapidly but perhaps in a disorderly way. Spain is less important. Holland is well managed, I must say, but it was to Paris that Nixdorf came." The West German computer firm was floated on the Bourse in September.

On privatization Mr. Dupont said: "It could have been fearful five years ago. The situation has changed radically and the public is being offered some very good merchandise with Saint Gobain.

The Bourse today is a good shop in which to buy. There are some very special French shares that appeal to foreign buyers, like Club Med, the champagne houses, Ecco [part-time working], leisure and service companies, industrial companies like Air Lionide

trial companies like Air Liquide,"

"The market is healthy enough to handle privatization," he added.

ALAN TILLIER, a journalist based in Paris, is a regular contributor to The Sunday Times of London.

New Financial Instruments

# **Bank Competition Is Heating Up**

By Vivian Lewis

ARIS — Recent changes in French market practices and instruments for borrowing or lending money have led to a scamble among French banks for a competitive edge.

Early this year, to try to match the terms that Triple-A corporations could get on the new French public market for commercial paper, known as billets de trésorerie, French commercial banks started to offer loans at particularly low interest rates. Called crédits spot, these new-style bank loans are not pegged like other corporate loans to the French equivalent of the prime rate, the bank base rate. Instead, their interest rates follow the rate at which the French banks finance themselves, the money

market rate.

For some favored corporate clients, banks even sometimes offer funds at the money market rate without charging any commission at all, offering un spot ms, a "naked spot." The banks believe they can make money by offering other services to the same client, whose loyalty has been won with such cheap funding.

loyalty has been won with such cheap funding.

But besides giving corporate treasurers a new source of cheap loans, the revolutionary changes in French markets are also forcing structural and organizational reforms in the banks themselves, another area of growing competition. Banks better able to use the new markets, and integrate operations between them, can make more money several ways: by better placing their own funds or those of their clients, by selling their services in these new markets to corporations and institutional investors in return for fees and commissions and by arbitraging between markets.

If a bank has the capacity, the computer programs and the personnel for complex maneuvers in a half-dozen markets, the risk-free return from a pure arbitraging transaction can

be large. Richard Pacault, deputy general manager of Banque Internationale de Placement, France's oldest bank specializing in arbitrage, explained one such transaction.

BIP, which was founded by Societé Générale, Britain's Midiand Bank and Swiss interests in 1979, began by borrowing 400 million france early in 1984 on the French financial market, he said. With the money, it bought the goldindexed French government bonds, the "7 percent of 1973," also known as Giscards, after Valery Giscard d'Estaing, the finance minister and later president who first issued these in-

At the time, the bond, whose principal and interest are based on the price of gold, was yielding 16 percent. BIP then sought to cover its gold risk forward, which it did by selling gold contracts on the Comex in the United States. But this introduced another risk, placing the funds received in dollars to get the best yield, which BIP covered on the U.S. money market. Finally, to cover the exchange risk, the bank used the spot and forward markets to sell dollars for france.

This complex transaction, Mr. Pacault explained, resulted in a 10-percent margin for BIP with no money at risk right up ontil 1988, when the Giscards will be called. He went on to explain that "it was only because the market in Giscards is so narrow that we limited our play to 400 million francs; there were days when we bought half the Giscards on the market or when we made half the contracts on the Co-

Mr. Pacault believes that British and U.S. banks have used analogous techniques to arbitrage across markets using the gold-indexed bond, "but they did it later when the yield on the Giscard was lower."

the Giscard was lower."
"Still, it is reassuring to know that our practices are not an aberration, that we are being copied," he said.

The creation of BIP by a group dominated

by Société Générale led to the formation of Natio-Trésorerie by Banque Nationale de Paris the following year. It was followed in 1981 by the creation of Banque Internationale de Gestion et de Trésorerie by Crédit Lyonnais.

The new institutions, called banques de tresorerie or banques du marché, are the only way large commercial banks in France can bring together services normally scattered in at least three major services: the treasury department, which works on the money market, the financial department, which works on the financial market, and the network that deals with corporate clients.

If the bank has a separate service operating on gold markets or on the new French forward market, the Marché à Terme des Instruments Financiers (MATIF), this further complicates any attempt to do a multimarket-covered arbitrage for the bank's own account or that of its clients.

To try to get around the problem, many hanks

banks, starting with Indosucz, but followed also by Banque Nationale de Paris, have created combined dealing rooms where operations in both money markets and financial markets, inside and outside France, can be centralized or chained.

But the tendency page more pretable in

But the tendency now, more notably in France than in other banking centers, is for new institutions to be created, like those of the Big Three banks, Since the MATIF was opened late last year, more than a dozen special banks have been created to do multimarket arbitrage and/or speculation, by banks like Crédit Agnoole, Crédit Commercial de France, Indosucz and Banque Française de Commerce Exterioure.

This is also being done by corporations like Thomson, Darty, Total and Cie. Générale d'Electricité, and by insurance companies and other nonbank financial institutions. Often several partners have gotten together to form the new bunques de trésorerie.

# **Economy Remodels to Spur Investments**

Continued from page 7

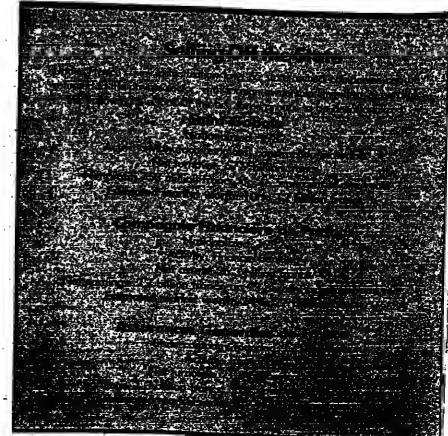
competitiveness is a sustained, high level of investment, most officials and husinessmen agree.

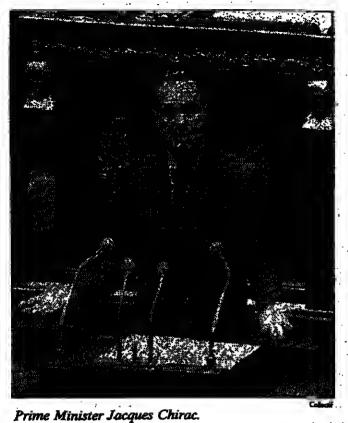
"For over 10 years, and especially since 1980, France fell way behind its main partners in spending on productive investment," Mr. Balladur said. Although investment began to pick up in 1985, domestic consumption, fueled by windfall oil savings, tax ents and the repayment of the Socialist government's forced loan, drove the economy in 1985 and 1986.

Official estimates for 1987 are encouraging. Private investment should increase by 5 percent. The government is counting on its free market reforms, rather than on specific incentives, to attract French and foreign investments. Recently adopted tax breaks for new residential construction, however, should give an extra boost to economic activity, even if they channel some funds away from the stock market into real estate.

There are other reasons for optimism. Real interest rates, though still high, have been out three times since April. Inflation is likely to remain low next year, after a mere 2-percent rise in 1986. "We've done a better job at holding down pay settlements than Mrs. Thatcher," Mr. Roux said, referring to the British prime minister, Margaret Thatcher.

DINAH LOUDA is a Paris correspondent for





Overstaffed Banks Wrestle With Computer Age

By Vivian Lewis

ARIS - French banks are geared up to do a volume of business that they can no longer attract. Passbook deposits are shrinking as a proportion of household savings. Loan. wohmes, particularly of the most attractive large and solvent corporate borrowers, are declining. Withdrawals and other transactions increasingly are

Too many people trained to handle paper transactions are still working in banks in the electronic age. Bankers' estimate French overmanning levels at 10 percent or more.

In banking - and not just in France - it is not the thing to talk about firing people. But the newly appointed chairman of Credit du Nord told his inployees last spring that some of their jobs would

Bruno de Manide, who broke the taboo at Crédit du Nord, in fact was not as brave as it appeared, since his predecessor had already worked out how the grief would be shared with workers' representatives at the bank. And Credit du Nord, the retail banking arm of the powerful Paribas investment house, has had some special problems in recent years linked to poor real estate investments. It also suffers from the fact that, as its name indicates, its network is strongest in the troubled northern smokeBut the layoffs at Credit du Nord may mark a trend. Significantly, Mr. de Maulde got bipartisan support in the aftermath of the furor. The Socialist chairman of Credit Lucencie et the size. rman of Crédit Lyonnais at the time. Jean de Flassieux, who has since been replaced, indicated that overnaming levels at his bank were running at 10 percent. And the government of Jacques Chirac gave Mr. de Manide's plan a vote of confidence by reappointing him.

A major reason that French banks have superfluous personnel is that many of the paper-pushing jobs they used to do are handled by computer. The national system of cash dispensers linked to the Visa network means that many French people for months at a time no longer need to line up at a teller's booth. In 1984, the last year for which figures are available, automated cash withdrawals accounted for 32.6 biltion francs (\$4.9 billion), three times the level in 1981 and 10 times the level in 1977.

About half of French banks' spending before profits still goes for wage payments, even though many banks have frozen hiring for some years. According to the French Bankers' Association, at the close of 1983 more than a quarter of a million Frenchmen were employed by its member banks, a 1.5-percent increase from the 1982 close of year. More recent figures are not available.

Meanwhile, the profits French banks can earn from their traditional business of taking deposits and lending money are lagging, according to the

1985 report of the French Banking Commission. What with slow growth, a sharp decline in inflation levels, an easing in loan demand and repayment problems with French and foreign private and sovereign borrowers, French banking margins declined slightly in 1985, the commission reported. Banking margins are the difference between what deposits or funds cost a bank and what it gets for lending

The current decline in margins adds to a long-standing problem with French banking profitability. French profit levels are low by international standards. Last year, leading French banks carned pretax profits of 0.41 percent of their banking assets, while the U.S. ratio was 0.89 percent, Japan's 0.44 percent, West Germany's 0.50 percent and Britain's 1.13 percent. Of all the countries in the world surveyed by The Banker, a British publication, in July, only Iran, South Korea, Austria and Belgium had lower returns on assets.

Banks are getting less deposits proportionately and lending out less. One reason is that French households are saving less overall, and what they save is no longer simply placed in a bank passbook. In 1985, French gross household savings fell to 12.3 percent of revenues, down from 13.5 percent in 1984 and 14.4 percent in 1983. Household savings include life insurance, stock market investments and mort-

The share of their revenues that French families put into banks savings fell even more sharply, to 4 and 5.4 percent in 1983. This contrasts with the 1970s, when households saved over 17 percent of their revenues on average and put 6 percent of the total in the bank.

At the same time, lucrative bank lending to corporations is also declining because companies have other sources of funds: higher profits (due in part to tax cuts) and direct tapping of the market. The debt of corporations to financial institutions last year came to 4.5 percent of corporate gross margins, down from 5.8 percent in 1984 and 7.5 percent in

With money-lending profits under pressure, French banks are trying to develop new sorts of business, above all to earn fees and commissions. And they are trying to develop their business as financial counselors to households and individuals. The trouble is that it is hard to imagine retraining the older tellers to act as investment advisers or treasury specialists.

One banking expert, Olivier Pastré of the University of Paris, recently wrote that "the social problem [in its entirety] today is one of the principal brakes on modernization of banks" in France. Until a new government with a taste for market solutions was elected in March, bank employees, like other sala-ried workers, fest they had a lifetime employment contract. But the new French mood is to stop carrying money-losing enterprises merely in order to guarantee their employees' jobs.

# **Bank Changes Likely to Reduce Profits**

Continued from page 7

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crisis. It also reflects the creation of new specialized arbitrage banks. As of the close of 1985, there were 214 banks controlled by French interests operating in France, and 143 controlled by foreign interests.

The Bérégovoy reforms are a hard act to follow. In the course of his stewardship as finance minister, a half dozen new markets were created, handling everything from op-tions on French government bonds to securitized mortgages to French corporate commercial paper. As a result of the reforms, banks — and other institutions, like interbank money brokers, finance houses, maisons de titres and arbitrage banks — found new opportunities in Paris. Foreign institutions were more experienced with options, commercial paper and securitized mortgages, and some of them were able to win an edge against the big French

The reaction did not take long. Large French. banks set up specialized subsidiaries, or tried to remove the old barriers between banking divisions that hampered their effective use of the new instruments and markets. It is hard for a bank organized traditionally with a treasury department working on the money market and a financial department working on the financial markets and a separate section in its network dealing with corporate clients to effec-tively deal in commercial paper, where the risk is corporate and the term is short. French. banks hart themselves further by offering short-term bank finance in an effort to compete with the commercial-paper market.

Now banks are trying to tailor their struc-ture to the new opportunities. One tactic is to create a separate team to function on the Marché à Terme des Instruments Financiers (MATIF), the financial futures market. Other banks have sought to integrate different divi-sions or directorates. The latest trend in Paris banks is centralized dealing rooms operating in money and financial and exchange markets simultaneously (some banks have even brought in some commodity trading, in gold). This enables easy mounting of swaps, hedging of risk, arbitraging and even some speculation. The first to do so was Indosuez, followed by

Crédit Commercial de France, The removal of barriers is widespread and is referred to as "decompartmentalization." But France has a system of universal banking so, theoretically, there are no legal obstacles to institutions operating on the lending market moving to the financial market. French banks may hedge between deposit-taking and placing or taking funds from the long-term bood mar-ket and the short-term interbank market and the futures market without hindrance, And there is no barrier: A French bank can act as underwriter for, lender to and investor (for funds it manages) in the same company. So there seem to be fewer restrictions to be removed here than in the United States, Britain

The obstacles to operating efficiently in a multitude of markets, many of which are new to them, have largely been the result of the banks' own hierarchies and organization. Liberalization and deregulation have increased the pressure on banks to reform and streamline their internal structures.

The French authorities are planning further liberalization moves that will increase the pressures for change. French exchange controls already pretty tennous, are slated to be lifted

entirely some time before the end of the year. Then, too, the young but flourishing finan-cial futures market (MATIF) is going to be allowed to offer contracts on new instruments: options on Treasury bond futures this year, and Ecu-yen and Ecu-dollar contracts and a stock index option linked to the Paris Bourse next year. Another planned deregulatory move is expected to go forward, ending the dissua-sive noninterest-bearing deposits banks have to make with the central bank if their lending exceeds a fixed ceiling based on the lending they did in the previous period. This complicated procedure, set up to control the money supply, has hindered French bank expansion for nearly two decades. It is due to be replaced by an open-market money supply control sys-tem similar to that run by the Federal Reserve in the United States.

These changes will affect the way banks are organized in France and how they compete. Ironically enough, given that in some countries the banks are clamoring to be allowed to oper-ate as "universal banks" on the French or German model, the trend here is likely to be in the reverse direction, toward increasing specialization, on the types of market, customer, savings or lending vehicle.

VIVIAN LEWIS, a Paris-based financial journalist, is a regular contributor to The Banker and the International Organizations Monitoring Ser-



(as of June 30, 1986)

# Compagnie Bancaire

#### Increase of the consolidated net income for the first half of 1986

	1	first half 1986	vear to 7/1/85 - 6	
Compagnie Bancaire Group	FF million	change/first half 1985	FF million	FF share
Consolidated net operating income     outside stockholders' interest     Compagnie Bancaire	664.7 305.9 358.8	+ 27 % + 30 % + 24 %	1,198.4 542,6 655.8	56
<ul> <li>Consolidated net income</li> <li>outside stockholders' interest</li> <li>Compagnie Bancaire</li> </ul>	727.5 308.0 419.5	+ 24 % + 31 % + 20 %	1,327.1 560.9 766.2	65
Main Companies of the Group Consolidated net operating income				
UFB - LOCABAIL CETELEM UCB	155.5 184.0 187.0	+ 38 "" + 21 % + 17 %	235.5 315.4 294.6	55 83 42
LOCABAIL IMMOBILIER (financial income)     SINVIM     CARDIF	84.7 7.4 43.2	ተ 2 የ። n.s. ተ 76 ዓሳ	159.6 16.2 67.0	64 13 53
Compagnie Bancaire Group	FF billion			
New business     Outstanding loans and leases	21.8	+ 13 %n		

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The CNT has played an essential role in the investments of the Telecommunications branch of the French P et T since 1974.

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# Electronic Banking Brings Shake-Up, Innovations By Dinah Londa

ARIS - Last month, private-account hold-ers at the Credit Commercial de France (CCF) began conversing with their bankers electronically from their homes as easily as if they were meeting at the bank's head office on the

With this innovation in French banking technology, customers and their bankers will be able to leave and receive messages for one another via

electronic mail. A nearly overdrawn account holder will even be able to delay a regularly scheduled monthly payment for a few days after an unexpectedly expensive weekend trip, or manage a revolving credit line. Companies will have even more exciting new opportunities: for example, to do all their financial transfers and transactions from their office.

For CCF's 140,000 clients who already bank electronically the new currents a major benefit beauty

tronically, the new system is a major breakthrough. Until now, the CCF service, which had been provided free since it began in 1983, was passive in the sense that users could mainly look at their banking statements and check the value of their investment portfolios by calling up the information on their screens of Minitel, the government-promoted videotex that brings data via phone lines to home screens and keyboards.

The start of interactive electronic banking can destabilize the banking system creatively, forcing usually stuffy bankers to become more innovative in inventing new products and services to beat the-competition for customers," said René Riffard, director of CCF's Videobank

The CCF will charge for the new service. French banking is the nation's leading sector in computerization. "Banking is far ahead of industry and the service sector generally in adopting new

and the service sector generally in adopting new technology, such as automatic cash tellers, micro-chip credit cards or even PCs" said Jean-René Lyon, head of computer research at Crédit du Nord. "We've installed 4,000 PCs for 9,000 employees and are aiming for one per person in the next two years. We're ahead because we were lagging behind and jumped a generation of technology to catch up; but the other, larger French banks are moving in the same direction," he added.

Electronics and other high technologies are both the cause and the cure for a long-overdue shake-up of France's bloated banking system. Many bankers see technology as the core of their attempt to reorga-nize in order to survive in a more open, global

During the boom years of the 1960s, France developed some of the world's largest banks, most of which exuberantly opened jumineds of branches all over France and abroad. Overstaffed and undercapitalized, the whole sector is going to suffer many casualties as competition takes its toll, French banking officials say.

"Electronic banking from bome will make it un-

necessary for banks to maintain branches on every street corner and free banking staff to concentrate on their real business: providing high-quality ser-vices such as individual asset-management and port-folio investments," said Philippe Schweitzer of the Crédit du Nord. Pierre Barberia, director-general of the same

bank, added: "In a major change, French bankers have realized in the last few years that banking is a service industry and technology is part of the ser-Traditionally, French banks, like most of their



A couple checks their CCF bank account through their home Minitel.



In the heart of CCF's home banking system.

European competition, have been able to make steady profits with their traditional business of taking long-term deposits and earning high interest on their depositors' money. That profitable setup is under pressure, partly from the competitive challenge of deregulatory moves in the United States, Britain and, increasingly, Japan.

"Banks in France have been making money by playing on float time," said Edouard de Lenoquesa-ing of CCF, referring to delays during transfers when banks are able to lend money being processed for a few days at high overnight money rates. "With the spread of new electronic payment techniques, this will no longer be possible, so banks will have to invent new ways of pricing.

"So far there has not been any truth in pricing or real competition based on value for money for customers. Now banks will start charging people for checks and other services they didn't pay for before, and stop charging them—for example, by delays in processing their payment—for things they didn't realize they were paying." Mr. de Lencquesaing said. He added: "Psychologically, it's going to be a hard change to seil."

But the change is inevitable, especially as dena-tionalization of French banks and the inroads of foreign ones intensify competition for depositors and other customers, most bankers agree.

At the heart of this switch to a service concept of banking is new technology—or rather technologies, mainly the smart card and the Minitel system. These customer facilities are the counterpart for private customers of the introduction of heavy-duty, dataprocessing equipment for rapid, complex currency trading in the banks' backrooms.

The amart card — a new kind of plastic credit card that incorporates a microchip to make it tamperproof, opening the way to interactive remote banking—has the psychological impact of helping drive the French to use credit cards instead of relying, as they have done even to buy movie tickets,

"France lags way behind other nations in using credit cards, and we're lesping the gap by introduc-

ing the most advanced technology, the smart card, said Jean-François Guthmann, a Treasury official. The americard is being actively promoted by the French government as a universal credit card. Some day it will even be used instead of come in phone booths for local calls. Electronic credit cards will save banks the cost of processing billions of checks; and bankers say its main advantage ultimately may

be its greater protection against an expected surge in credit card frand. "Everyone agrees that the protection against fraud far outweighs the investment costs of installing the new smart card network," said Sophie Tacchi of the Benques Populaires association, which has helped launch the country's first smart card network

in Rennes, in western France. It will cost more than one billion francs (\$150 million) to install the card machines and electronic recognition terminals in the country. This is a big investment for banks that already see their profits dwindling. To cope with the cost, French banks have imposed a condition of making all banks participate before any one starts — and gets a potential lead.

Although some experts, notably Mr. Riffard of CCF, believe that one can protect electronic trans-

actions in other, cheaper ways, the French commitment to the microchip card is irreversible But the smart card's arrival has intensified com-

petition, allowing retailers to shop between banks (since the cards are all compatible) and to force

"The challenge will be for innovative French banks to develop new services with the card that comeon customer loyalty, like ensternized charge plates, and create new sources of revenue," said Miss Tacchi.

The other most spectacular technological impova-tion in French banks' consumer services is Minitel, Of the nearly two million Minitels installed free by the PTT, the government-run postal authority, 300,000 are regularly used for banking transactions.

"With our 2,000 Minitels, I was able to consoli-date and distribute stock market data throughout

date and distribute stock market data throughout our network 10 times faster and 100 times cheaper than I could if I had to operate in a country where the government did not provide these terminals." said Louis-Noël Joly, technology manager at the Société Générale.

Other bankers also have evidence of how Minitel helps them rationalize their data flows, even if, in the longer term, "banks will integrate Minitel's function into their computer terminals," as Crédit du Nord's Mr. Lyon suggested.

But many French banks agree that Minitel has enabled them to offer their customers sophisticated new services cheaply. For very complex financial transactions involving large companies, it may not

"Our clients have sophisticated microcomputers and want sophisticated service. Minitel is not for them. It's fine for private use, but it's not a tool for professionals," said Geoffroy de Tilly-Blaru, deputy director of Financière Saint-Honoré, a subsidiary of the Compagnie Financière, which has taken a lead in electronic cash management techniques for an

Nonetheless, Minitel-based financial services are booming. In sheer numbers, most Minitel terminals in banking use are employed by individual depositors consulting — and now operating — their own accounts. But the most profitable part of the Minitel revolution in French banking concerns corporate accounts, including products designed especially for

We have the profits to show for it," said Chris-

tian Magne at Credit du Nord.

The debate over short-term profits is still open among French banks, but the decisive role of innovative technology seems beyond dispute.

For several years, the French people have been demanding that the banks cut the price of banking services, said Mr. Barberis. Technology is part of the answer, despite the heavy investments that will weigh on banks' balance sheets for the forseeable

funce.
"But the choice is made," he said, adding that the banks must now concentrate on delivering the services that the French expect from their high-tech

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June 30, 1985 June 30, 1986 % 86/85 20,292 23,174 + 14.2 + 53.5 202 310

PERSPECTIVES FOR 1986. The increase in income at June 30, 1986 will not be repeated in the second

hald of the year for which we anticipate: - A sustained level of activity.

1986 Half Year Highlights

SUSTAINED PERFORMANCE ...

AND CONTINUED STRONG INVESTMENT...

(in F.Fr. Millions)

- A decrease in the income from our investment commer

HALF YEAR RESULTS

1.635

179 116

First Half

1.627

189

116 185

● In the first six months of 1986, Essilor Group turnover grew by over 10% (excluding

The Croup again improved or consolidated its already strong positions on most markets.
As foreseen, profitability remained satisfactory, with net profit/turnover at June 30, 1986 stable at around 7%.

• 1984-1986 Group Investment has totaled one thousand million French Francs, mainly

2002-1900 Group investment has totaled one thousand million French Francs, mainly sized at automating installations and modernizing equipment.
 Other investments include the acquisition of controlling interest in Angénieux, the leading French manufacturer of soom leases and wide aperture optics, in Domileus, an emerging French manufacturer of intra-ocular leases, and in Sudop, our former Brazilian distributor.

Outlook for the second half is promising on most markets, as Essilor's added value more

than compensates for currently sluggish market conditions.

• In the short term, we will hold our chartered course for sustained growth. After allowance

One of the World's Leading Ophthalmic Optics Companies

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for currency translation, this should lead to moderate increases in turnover and stable

PROVIDE THE GROUP WITH ATTRACTIVE PROSPECTS FOR THE FUTURE.

impact of foreign exchange translation), as our accelerated investment program began to

+0.5 —5.3

# **Decline in Franc** Continued from page 7

impact of inflation on the franc. "Low inflation is still a hangover from the oil price fall and domestic price controls. Once those mical effects have worn off, prices will rise again and that will build up pressure for higher wage increases," he said. "I think the franc will hold its

parity until the inflationary Iactor surfaces towards the end of the year. But the removal of exchange controls means there really won't be anything in the ad-ministrative arsenal to protect it," he added.

Finance, Economics and Priva-tization Minister Edouard Ballanounced last week in Nancy that France will ease its exchange controls within the next

%Change at constant

+ 3.1 + 8.6 +15.7

few weeks, allowing residents to hold foreign currency accounts. However, banks will not be allowed to lend francs to nonresidents, although this could occur "at the right time," he said.

There is pressure for devaluing.

The latest liberalization measures follow the already extensive relaxation carried out since April's EMS reshuffle. Paris has abolished the requirement that companies should repatriate foreign exchange earnings within 15 days, forward cover (previously limited to the European currency unit) is now available for all cur-

rencies, and firms no longer need approval to invest abroad.

The devise titre, or foreign exchange premium, on the acquisi-tion of foreign stocks by French residents has also been removed, while exporters can now retain foreign exchange receipts for three months instead of one.

The removal of exchange con-trols is in line with principles laid down by the European Commu-nity on the free movement of cap-ital within the community. France no longer has to seek ex-emption from EC capital regulations for the first time since 1968. It remains to be seen whether the franc can stand up to a sus-

tained speculative attack without the protection of a panoply of exchange controls. The 5.8-percent devaluation against the Deutsche mark in April's EMS realignment was less than the 8 percent that Mr. Balladur want-

It also fell far short of the French-German inflation differential of 12.8 percentage points built up since the last major reshuffle in March 1983. Thus, ressure for a devaluation to boost the competitiveness of French exports in Europe has al-

ready been stoked up.
That adds to the problems posed by the underlying weak-ness of the trade account (it regis-tered a 2.4-billion frame deficit in January to August despite the benefits of lower oil prices) and will foster renewed speculation of another franc devaluation in the first half of 1987.

The government will need to use all its powers of persuasion to convince the electorate that a downgrading of the franc is beyoud its control

KEN PERRIS is the editor of Euromoney Treasury Report.

# Rising U.S. Jobless Rate **Was Good News for Some**

By CARL GEWIRTZ tional Heroid Tribune

ARIS — Bond markets got a shot in the arm last week with news that the U.S. jobless rate rose last month. Such signs of shuggishness encourage the view that interest rates are bound to decline further. That is welcome news for bond dealers, who immediately marked up prices.

But whether this is enough to get investors off the sidelines and into a buying mood remains to be seen. Investors are jittery. They are unsure how durable any decline in dollar interest rates can be, either because of fears that the

dollar could crash in the foreign-exchange market or that the easy money policy must ultimately kindle a quicker pace of infla-

The mood of mistrust was not helped by the inconclusive results of last week's gathering of finance ministers at the International Monetary Fund and World Bank annual meetings in Washington.
Their inability to articulate

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An increasing supply of goldrelated paper is getting a good reception.

a coordinated policy aimed at assuring a steady pace of interna-tional economic expansion while accommodating a reduction in the gaping U.S. trade deficit raises the specter of go-it-alone policies and ugly economic consequences.

Sowing additional confusion was the coordinated intervention

in European foreign-exchange markets, driving rates up against the dollar in tandem with the appreciation of the Deutsche mark. In effect, this lowers the pressure for a unilateral DM revaluation. As all the currencies appreciate against the dollar, there is relative stability within the European monetary system.

UCH CURRENCY appreciation does help keep down the reported levels of domestic price inflation. But many analysts say they are astounded that France and Italy, as well as Britain, which is outside the EMS, would expend their reserves this way. In effect, they are pricing their own manufactured goods out of world export markets, further slowing their own anemic growth rates, while enabling West Germany to reap all the

The best measure of just how uneasy all this makes investors feel was the increasing supply of gold-related paper coming on offer in the international capital market and the enthusiastic

There were two such offerings last week. Toronto-based Barrick Resources, one of the top 10 gold producers in North America, offered \$30 million of bonds convertible into gold and within hours lead manager Banque Paribas Capital Markets Ltd. was able to increase the amount to \$50 million. The five-year paper carries an annual coupon of 514 percent.

Gold itself is a sterile investment, producing no income and expensive to keep because of storage and insurance costs, which explains the popularity of interest-bearing bonds convertible into

Anytime after the first year, holders of the Barrick paper can convert the securities into gold, or the cash equivalent. The price, to be fixed late Wednesday, is expected to be set at 22 percent over the average London afternoon gold fixing over the five days

If the gold price fails to rise sufficiently to make that conversion profitable, investors can hold the bonds until maturity when paper nominally valued at \$1,000 will be redeemed at a premium of \$1,112.50. That bonus payment would be equivalent to having earned an annual income of 7¼ percent, or about what an investor would earn if the money had been used to buy an ordinary fived course fundellar bond

ordinary fixed-coupon Eurodollar bond. Despite the increase in the size of the offering, the paper ended the week quoted at only a slight discount of 99% from the

expected par subscription price. The other gold-linked offering is an equity issue, an initial public offering worth about 22 million Canadian dollars in Getty Resources Ltd. Half the stock is being distributed in North America and the remainder internationally under the aegis of

S.G. Warburg. Getty Resources, created over the summer, holds the Canadian mineral properties of Getty Oil. Texaco, which acquired Getty last year for \$10 billion, is spinning off the nonoil Canadian properties. There are 39 properties in all, in various stages of development, and the largest is the Tisdale gold project, which is expected to start producing gold by mid-1987.

On sale are four million units, each of which comprises one Getty Resources common share and two warrants to buy one

See EUROBONDS, Page 13

#### Last Week's Markets All figures are as of clase of trading Friday

Stock In	dexes			Money Rates		
United States	Oct. 3	Sept. 26	Ch/as	United States	Oct. 3	Sept. 2
DJ Indus.	1,774.18	1,769.49	+0.25 %	Clacount rute	51/2	51/2
DJ UIII.	199.62	201.75	- 1.07 %	Federal funds rate	S 11/16	57%
DJ Trons.	811.00	784.25	+ 352 %	Prime rate	71/2	7V2
S & P 700	227.13	219.79	+067 %	Japan		
5 & P 500	233.71	232.23	+ 0.44 %	Discount	31/2	39/2
S& P Ind	258.57	254.68	+0.74 %	Call money	4 13/36	474
NYSE C	134.87	133,94	+ 0.45 %	3-month Interbook	474	4 13/16
				West Germany		
Britisks						-
FTSE 100	1.560.80	1,563.70	<b>—619%</b>	Lombord	51/2	51/2
FT 30	1.234.00	1,230,40	-0.36 %	Call money	4.20	4.35
Amon .	4			3-month interbank Britoin	4.65	4,40
Nikket 225	7,349,22	17,960.98	+494%	Bank base rate	10	10
				Cail money	574	91/2
Mint Galantill				3-month Interbank	1044	10%
Commerzijk	2,009.90	1,985.10	+ 1.25 %	Dollar Oct	.3 Sept. 24	Chine
Hoop Kong				8k Engl Index	- na.	-%
	2.134.80	203436	+454%	<del>Beld</del>		
Stores: James Co	nel & Co., La	odoo.		London p.m. fbc5 436	06 433.00	+0.69 %

Cross B	ntes							-	Oct. 3
Amsterdom Zrossels(a) Frankfurt Landon (b) Allian New York(c) Peris Tekyo Zurich	\$ 2.263 47.695 2,0095 1,440 1,389.75 4.549 154,10	8 2.257 59,7325 2.006 1,967.66 0.6902 × 9,46 221.44 2.333	0.AL 111.03 = 20.743 	F.F. 2451 ° 4331 30.555 ° 9.447 21118 45675 	12.4. 0.1632 = 2.9975 * 1.4455 × 1.991.00 1.397.50 4.734 × 11.89 *	Gadr. 	5.6° 412° 9142° 31,341 41,46 15,76° 38,81° 1,964°	S.F. 120.09 * 25.61 122.41 * 2.3323 854.38 1.625 94.00 94.00	Yee 146.90 y 26.90 * 1.297 * 222.675 8.976 154.90 4.3482 *
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Other B	ollar	Values		
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#### To Our Readers

Beginning today, the Monday International Bonds section is being consolidated and redesigned for easier reference. Among the changes is a new "Eurobonds at a Glance" table, which today can be found on Page 16.

# Tokyo, **Bonn Cite Progress**

Bank Talks Aim To Open Markets

WASHINGTON — High-level West German and Japanese fi-nance ministry and central bank officials said Sunday that they made good progress in weekend talks concerning improved access for West German banks in Japan's

The talks, conducted by Hans Tietmayer, West German state sec-retary for finance, and Toyoo Gyolten, Japanese vice finance minister for international affairs, covered participation by West Ger-man banks in securities trading on the Tokyo market and other disputed technical areas, including banks' access to local refinancing. Mr. Gyohten made it clear the

two countries were still far apart on a number of issues, particularly over Tokyo's demand that Japanese banks be allowed to act as lead managers in foreign-bond issues denominated in Deutsche marks.

West German authorities have said they will give the go-ahead for

this only when adequate "reciprocity" has been achieved.

This would involve the licensing

of all seven West German banks that have so far voiced interest in participating in the Tokyo securi-ties market.

"We are not happy about the German insistence that the lead management problem cannot be solved until the notion of reciprocity is established," Mr. Gyohten He said that with two leading institutions, Deutsche Bank AG and Dresdner Bank AG, already

icensed and a third bank, Deutsche Genossenschafts-Hypothekenbank AG, about to receive its license, the Japanese side felt there was a sufficient basis for reciproci-ty and agreement on the lead-mangement question.

Four other West German banks are interested in tapping the Japa-nese market and are in various stages of negotiations with the Jap-

They are Commerciank AG, Westdeutsche Landesbank AG, Badische Vereinsbank AG and BHF bank.

Mr. Tietmayer said, neverthe-less, that there had been "clear progress" on these issues.

Mr. Gyohten said he was hoping for a satisfactory agreement before too long. their aides, in Washington for the

annual meetings last week of the International Monetary Fund and the World Bank, also reviewed other problems related to bilateral banking operations.

Mr. Tietmayer said be was look-ing forward to early liberalization of the Japanese deposit market. He said foreign banks in Japan had been complaining about prob-lems arising in local refinancing. Since interest rates were regulated

OSLO — The Norwegian gov-ernment has proposed tough mea-sures to curb consumer spending in its 1987 budget unwelled over the

Finance Minister Gunnar Berge

said Sunday that falling oil prices

had damaged Norway's economy but that growth in credit-backed consumer spending had onbal-

The Labor government of Prime Minister Gro Harlem Brundtland

faces possible defeat on the budget

from a center-right coalition that ruled Norway from 1983 until May

this year. Parliament is due to vote

billion kroner (\$5.87 billion) in

on the budget later this month.

anced the national economy.



# Hyundai Is a Pronounced Success

By John Holusha New York Times Service DETROIT — When officials

of Hyundai Motor America were preparing to introduce their automobile into the U.S. market earlier this year, one question they grappled with was the pro-nunciation of the name.

To make things easy for customers, they adopted an English sound that rhymed with the days of the week, as in "Sunday, Monday, Hyundai," rather different from the way Koreans say it. As things have turned out,

even if some Americans may not know how to pronounce the name, they have been buying the Hyundai Excels by the boatload. The yea's sharp increase rela-tive to the dollar, which pushed up the price of Japanese cars, elped make the Hyundai the

single biggest-selling import model in Angust. More than 100,000 Excels

in February, and sales in August were 20,689. Hyundai officials estimate

have been sold in the United

that sales will total more than 150,000 by the end of the year, 50 percent over their own initial predictions and by far the best performance for a first-time im-

The Excel is a subcompact, front-wheel-drive, four-cylinder economy car similar in appearance to the lowest-priced Japanese cars. Consumer Reports magazine

describes it as "quite an up-to-date little car." Its list prices for the Excel's three versions, twodoor and four-door hatchbacks and a four-door sedan, range from \$4,995 to \$6,445. Analysts attribute the car's

success to its improving price advantage over Japanese makes and the confidence that Ameri-

Asian quality.

And while the Hyundai has had good reviews for its performance, "the Koreans are piggybacking on the quality reputa-tion of the Japanese," said Ronald A. Glantz, an analyst

"As the Japanese cars have gotten more expensive," he said
"a lot of people have decided
that anything cheaper that's built
in Asia is better than anything
built in the United States."

Hyundai officials said earlier this year that their strategy would be to price the Excel slightly below comparable Japa-

But as the yen has gained strength against the dollar, the Japanese companies have raised their prices, while Hyundai held See HYUNDAL, Page 17

# **Higher Quotas Urged by Saudis** As OPEC Meets

GENEVA - A call for higher oil production quotas is likely to dommate a round of OPEC talks opening here Monday, the Saudi cal minister said Sunday.

Analysts said the meeting was likely to be acrimonious, but that the result was difficult to forecast. The Saudi minister, Ahmed Zaki Yamani, was here for a round of informal preparatory talks ahead of the OPEC conference, its fifth of

the year aimed at restraining pro-duction and raising prices. Sheikh Yamani said the issue of quotas, which has troubled the Ormization of Petroleum Exporting Countries for years, would be at the center of the formal talks.

"Everyone wants a higher quo-ta," Sheikh Yamani asserted. He said that included Saudi Arabia, the group's biggest producer, with a quota of 4.3 million barrels a day.

Knwait also indicated that it wanted a higher quota, a stance that most Gulf producers are ex-

pected to support. But other nations do not share that position. Algeria, Iran, Vene-zuela and the United Arab Emirates have said the current produc-tion limits should be extended to

year's end. And the Libyan oil minister, Fawzi Shakshouki, said the group should reduce overall output by at least one million barrels a day, in

order to raise prices substantially. Doubts about the chances of an extension of the OPEC restraints, which were agreed on at the group's last session early in Angust, con-tributed to a drop in oil prices by 50 cents a barrel at the close of trading

Friday in New York.
Oil analysts there said the calls by some OPEC states for larger quotas and the allegations that

quotas also depressed prices. Trade sources say that the United Arab Emirates is overproducing and that Venezuela and Libya are producing at quota but are also selling from stocks.

The OPEC countries agreed in August to limit total output to 16.8 million barrels a day in September and October. That agreement helped raise prices from less than \$9 a harrel to about \$15.

The Indonesian energy minister, Mr. Subroto, said here Saturday that OPEC would "continue efforts to firm up the market, and we won't do anything to undo the achievements we have made so

He has said that the group could consider a higher ceiling for the remainder of the year as the onset of winter in the Northern Hemisphere raises the demand for oil. (Reiders, UPI)

#### Paris Is Pleased With Elf Issue

PARIS - The French government is pleased with the response to its sale of shares in Elf Aquitaine, the state oil group, senior Finance Ministry offi cials said over the weekend.

Hundreds of thousands of small investors have applied to buy the equity, which was on offer through banks and bro-kers at a fixed price of 305 francs (\$46) a share until Friday, they said. The state is reducing its stake

in Elf to just over 50 percent from its previous stake of 64.4 percent through the share sale and a capital increase.

## Mexico Rescue Thrusts World Bank Into a Debt-Crisis Role

By James L. Rowe Jr. Vankington Poet Service

WASHINGTON — The \$12billion rescue package of Mexico that key commercial banks agreed to last week thrusts the World Bank into a prominent role in the Latin American debt crisis.

It is a role that the U.S. Treasury retary, James A. Baker 3d, proposed last year, when he unveiled his plan to help hard-pressed debtor nations grow while continuing to pay off their foreign loans.

The Mexican rescue package, a joint effort by official institutions and private banks, is being cited as the first test of the Baker plan.

inst the nation threatened to suspend paying interest on some or all of its \$98 billion in foreign debts.

"It is a plan to solve another short-run crisis, but undoubtedly will become the guidenost for a specific property of the commercial banks decided to lend Merico \$6 billion." will become the guidepost for a Baker initiative that is aimed at

Since interest rates were regulated for about 90 percent of Japanese deposits, to which foreign banks at top bank official said.

Mr. Baker called last year on commercial banks and development institutions to help rekindle

and services as well as interest, divi-

face economic reality," Mr. Berge said. "We cannot rely on rising oil

prices solving the problems in our

Mr. Berge announced cuts in in-dustry subsidies and a doubling of

foreign borrowing to 15 billion kro-

by 2.5 hours had weakened Norwe-

gian industry's competitiveness, he said. Consumer spending, fueled by easy bank loans, grew by more than

8 percent last year and showed no

He proposed a complex tax re-

An accord reached before Labor took power to cut the working week

ner in 1987.

Mr. Berge said Norway's current
8 percent last year and showed a
account deficit would widen to 43
signs of easing, Mr. Berge said.

1987, its worst level in 10 years, form package to close a loophole compared with a 25.6-billion-kro- allowing high wage carners to pay

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"It is time for Norwegia

New Norwegian Budget Aims

To Cut Consumer Spending

countries have to invest, import vi-tal products and still pay their debts. The debtors, in return, were supposed to change economic polis that have slowed their growth.

The Mexico agreement, crafted by the International Monetary Fund in July and yet to be formally approved by the 500 banks that are iders to Mexico, contains several precedents envisioned in the Baker

 Mexico agreed to wide-ranging comomic reforms, including grad-ually opening up its inefficient do-mestic industries to the discipline But it is a package conceived in mestic industries to the discipline an emergency: Declining oil prices of foreign competition; joining the drained Mexican resources so fast General Agreement on Tariffs and

growth in debtor countries by disbursement pace far faster than sharply increasing their lending, the bank normally achieves.

• The package focuses on the "contineent" loans from the banks

> Mexico does not improve fast enough or if other econômic conditions, not yet specified, deteriorate. they worry Mexico will not be able to use properly the \$12-billion infusion — that it will bolster the political popularity of Possidant and a smooth as \$750 million.

> de la Madrid without leading to badly needed reforms. that the worry is legitimate, but that the \$12 billion will not even replace the \$16 billion Mark that the state of the st lose this year and next because of the fall in oil prices.

The Mexican rescue effort, however, also suggests that official inof the \$20 billion Mr. Baker wants banks to lend to all debtors by the end of 1988. • The World Bank agreed to make nearly \$2 billion in loans to responsibility rested with the debt-mexico by the end of next year —a ors and their bank lenders.

Though more than 70 percent of Mexico's debts are to private commercial banks, half the \$12 billion need for Mexico to grow, and pro-vides an additional \$2.3 billion in official sources; the World Bank, the IMF and governments of inand the IMF if economic growth in dustrialized nations.

> lend as much money as the IMF said they should, the World Bank banks," said a leading multination-

al financial official. But others said the guarantees

Viking Resource N.A.V. us at 30-9-86 \$34.57

INFORMATION: Pierson, Heldring & Pierson N.V., Herengracht 214, Amsterdam. have to pay more of the costs of keeping debtor economics afloat. The World Bank president, Barber Conable, apparently worried about setting an unhealthy precedent, said the bank does not "ex-

pect to give guarantees routinely. But the banks made some con-To entice commercial banks to cessions that will help Mexico and shape the terms other debtors will demand: The banks lowered their profit margin on \$43.8 billion of outstanding loans from an average of 1% percentage points to 1-3/16 percentage point. They also agreed to let Mexico repay the outstanding \$43.8 billion in loans over 20 years.

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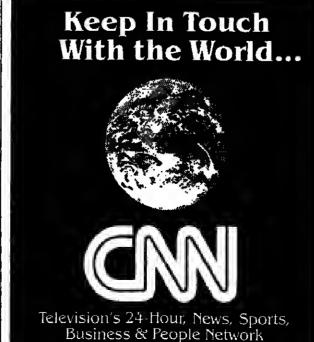
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foreign subsidiaries amounted to 9.333 billion francs in the

The actual growth in sales in comparable terms, i.e. using same structure and exchange rates, was 12.2 % over the

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same period in 1985.

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FROM AND AFTER NOVEMBER 3, 1986
Bank van de Nederlandse Antillen (Central Bank)
Consignment Facility for Fidelity International Fund N.V.
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For further information, please contact any of the individuals

By Order of Managemen Charles T.M. Collis Secretzry

Mr. Michael B. Sommerville Pidelity Distributors International, Ltd P.O. Box 670, Hamilton 5, Bermuda Telephone Bermuda: (8091295-0665 Telex: 3318 BA Cable: FIDENTCO

Mr. Philip B. van Neste Fidelity International (C.I.; Limited 9 Bond Street, Jersey, Channel Islands Telephone Jersey: (0534171696 Teles: 4192260 G

Me Paul Forsyth
Fidelity International Investment Services. Limited
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Telephone London: (441)283-9911 Telex: 884387

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Marketmakers in DeutschmarkBonds West LB
Westdeutsche Landesbank

**Bond Prices** 

# **New Eurobond Issues**

issuer	Amount (millions)	Mat.	Coup.	Price	end week	Terms	On Job Data
FLOATING RATE NO	)TES			•			By Kenneth N. Gilpin New York Times Service
Okobank	\$100	1991	*	100		Over 6-month Libor. Noncollable. Fees 0.35%. Denominations \$100,000.	NEW YORK — Bond pro- have posted strong gams, propel
FDCED-COUPON		· · · · · ·			-		by a U.S. government report sho
Barrick Resources	\$ 50	1991	5¼	100	99.50	Noncollable. Redesemble at secturity at 1111/s. Convertible into gold ar cost equivalent, at a price to be set Oct. 8. Fees 25/75.	ing an unexpected drop in empk ment last month. Market participants said th
Citicorp	\$200	1993	81/4	100%	97. <b>7</b> 5	Callable at par in 1990. Fees 1%%.	most gains, and the bulk of tradi- took place on Friday morning f
Dansk Naturgas -	\$ 50	1991	9	1011/2		Noncollable, Redemption amount at materity linked to the yen/dollar exchange rate, will rise if yen weakers, and fall if yen appreciates. Fees 1965. Denominations \$100,000.	lowing the Labor Department's lease of its September unemple ment report. The report, with
Europeon Cool & Steel Community	\$75	1989	7	101	99.75	Noncollable. Fee: 190%.	showed that the overall jobless re
Farm Credit of Canada	\$100	1993	7½	1001/2	98.50	Noncollobia. Fees 176%.	U.S. CREDIT MARKETS
IBM World Trade	\$150	1993	7%	100%	99.00	Noncolichie, Fees 1896.	rose to 7 percent last month, for 6.8 percent in August, was taken
Mony Funding	\$150	1996	814	9914	97.00	Noncollable, Fees 2%	traders as a sign that inflati
Outokumpu	\$ 30	1991	9 .	10716	_	Noncollable, Fees 196%.	would remain quiescent. By late in the day, prices of m
Philip Morris Companies	\$100	1991	71/2	100%	98.75	Noncollable, Fees 1866.	half a point or more. Short-te
Shikoku Electric Power Company	\$70	1993	816	1011/2	99.50	Noncollable, Fees 1965.	The Treasury's beliwether 7 percent, 30-year bond, which 1
Denmark	DM 750	1991	5%	100	98.75	Noncollable, Fees 2%	sputtered lately, rose by more th
Denmark	DM 250	1993	614	100	98.10	Noncollable, Fees 24%.	a point on Friday, to a close of 9 21/32, to yield 7.52 percent. T
Teollisuuden Voima	r∓ 500	2001	8%	9934	98.38	Callable and redeemable at par in 1991 and 1996 when new terms may be set. Fees 1966.	price of the government's five-ye
Banque Nationale de Paris	Y 15,170.	1996	9	100%	_	Coupon to be poid in New Zealand dollars, at a fixed rate of 75.30 year per dollar. Redemption of maturity will be at par, with 80% in year and 20% in NZ dollars.	less than a point, to 98-29/32, yield 6.72 percent. Meanwhile, rates on thre
Norway	200,000 Y	1991	5%	101%	98.88	Noncollable, Fine 136%	month Treasury bills dipped by basis points, or hundredths of
Procter & Gamble	Y 20,000	1993	514	101	98.38	Noncollable, Fees 1976.	percentage point, to 5.06 perce
EQUITY-LINKED							bid. Late in the day, six-month bit were bid at 5.16 percent, down
Ebara ·	\$ 70	1991	open	100	96.25	Coupon indicated at 240%. Noncotloble, Each \$5,000 notes with one warrant exercisable into company's shares at an expected 240% prentium. Fees 250%, Terms to be set Oct. 6.	basis points on the day. And or year bills were bid at 5.27 perce down 23 basis points.
CN Pharmaceuticals	\$ 65	2001	open	100		Semicurucal coupon indicated at 6% to 69%. Redeemable at par in 1993 and collable at 103 in 1989. Convertible at an expected 8 to 10% premium. Fee; 26%. Terms to be set Oct. 7.	Most market participants, we consider the monthly memple ment figures to be an importanticator, had expected the Se
shihara Sangyo Kaisha	\$ 70	1997	3%	100	%.25	Noncollable. Each \$5,000 note with one warrant exercisable into company's shares at 546 yes per share and at 155.10 yes per dollar. Fees 284%.	tember figures to show little chan from Angust.
NHK Spring Company	\$ 50	1991	open	100	97.00	Coupon indicated at 250%. Noncellable, Each \$5,000 note with one warrant soundable into company's shares at an expected 25/% premium. Fees 256%, Terms to be set Oct. 8.	U.S. Consumer Rates
Shinagawa Fuel Company	\$ 40	1991	open	100	97.50	Coupon indicated at 35%. Noncellable. Each \$5,000 note with one warrant sourcisable into company's shares at an expected 25% premium. Fass 25%, Terms to be set Oct. 13.	Oct. 3 Peachest Sevings 5.50 % This Dispurys Bends Book Seyer 20-bend index 7.30 %
DK	\$1.50	1991	open	100	97.50	Coupon indicated at 34%. Nancallable, Each \$5,000 nate with one warrant exercisable into company's shares at an especial 25% premium, Fees 25%. Terms to be set Oct, 9.	Many Meriat Pania December 1-Day Average 5.44 % Bush Manty Market Accessis
okai Bank	\$100	2001	open	100	107.00	Coupon indicated at 256%. Callable at 103 in 1991, Convertible at an expected 5% premium. Fees 256%. Terms to be set Oct. 13.	Book Bale Meeting Later 5.61 % Meete Martinger, Fig. 2 george 10.85 % Source : New York Three.

#### WORLD STOCKS IN REVIEW / Via Agence France-Presse

#### Amsterdam

in Amsterdam but recovered slightly in response to scattered bargain hunting, stockbrokers Kempen & as a vote of confidence from a ma-co. said.

the financial sector weakened, with on 50 cents over the week to 7.20. the insurance firm Aegon reaching new lows for the year on rumors of losses in the United States.

have posted strong gams, propelled Kempen said that in coming by a U.S. government report showweeks it may be difficult for the ing an unexpected drop in employmarket to generate much momenrum. But as the Dutch economy Market participants said that appears especially sound, longmost gains, and the bulk of trading, took place on Friday morning folterm prospects for Dutch stocks are nevertheless favorable, particularly lowing the Labor Department's rethose in consumer-related busi-

nesses, the company said.
The ANP-CBS General Index last week moved from 279 to 280 on Friday, after dropping to 274.6 and 276.4 on Monday and Tues-

day.
Total turnover stood at 3.964 bil-6.8 percent in August, was taken by lion guilders, against 4.047 billion traders as a sign that inflation the previous week.

#### By late in the day, prices of most Frankfurt

The Frankfurt stock exchange half a point or more. Short-term The Treasury's belivether 74percent, 30-year bond, which has
sputtered lately, rose by more than
a point on Friday, to a close of 9621/32, to yield 7.52 percent. The
reached 2.152 billion Deutsche
marks from Sept. 29 to last Friday.

The reached 2.152 billion Deutsche
marks from Sept. 29 to last Friday.

price of the government's five-year, up from 1.982 billion the previous 6½-percent notes rose by slightly work.

Nixdorf, in the electronics secyield 6.72 percent.

Meanwhile, rates on threemonth Treasury bills dipped by 15
basis points, or hundredths of a
mercase of 30 for the week as a percentage point, to 5.06 percent whole, bid. Late in the day, six-month bills Gain

Gains among automobile comwere bid at 5.16 percent, down 22 panies varied from 15 DM for basis points on the day. And one-year bills were bid at 5.27 percent, Volkswagen.

#### Most market participants, who Hong Kong

The Hang Seng Index put on 100 points last week amid a persistent built run on the Hong Kong stock market that pushed the index to ment figures to be an important dicator, had expected the Sepember figures to show little change five successive record highs and a close Friday of 2,034.36. The Hong Kong Index gained 66

points, finishing the week at week with a 1.49-percent gain, 1,346.56. Turnover was a hand-thanks to an 8.9-percent jump Prisome 950.6 Hong Kong dollars. The Hang Seng rocketed

Wednesday on reports that an Anstralian conglomerate, Bond Corp., was considering buying the resi-dential portfolio of a top local property company, Hong Kong

The sale, for more than 1.4 bil-In sale, for more than 1.4 cmlion Hong Kong dollars (\$179.4 cent, and preferred shares 6 perStock prices fell early in the week
a Amsterdam but recovered slightbut necessary in response to scattered bargain

The sale, for more than 1.4 cmlion Hong Kong dollars (\$179.4 cent, and preferred shares 6 percent, under selling pressure from
Brokers said the transaction was abroad, mainly because of rumors
Tokyo stock market last week despite the start of a new business
that the group had difficulties in its
spite the start of a new business

Tokyo stock market last week despite the start of a new business

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jor foreign investor in the future of In a basically trendless market, Hong Kong Hong Kong Land put

Paris

The Paris Bourse, reflecting the

caution that has lately character-

ized investors, was stable last week,

with the CAC index moving from

386.4 the previous Friday to 384.9.

slightly higher at 43.28 billion

week's 43.02 billion.

The value of shares traded was

The outcome of the World Bank

and International Monetary Fund

meeting, and the absence of any apparent decision to lower interest

rates, had little effect on trading.

But dealers were still said to be

hoping for rate cuts in the United

States and West Germany, noting

that one West German banking of-

rate charged by the Bundesbank could not be ruled out between now

Analysts noted that Perrier and sugar manufacturers Beghin-Say were well supported and that for-

Singapore
The stock market lost ground in Singapore last week as dealers re-

acted to the Promet group going into receivership and to continued bearish sentiment from Malaysia.

dex lost 5.79 points over the week

Block buying on behalf of U.S. and European investors partly countered losses by midweek.

But analysts said Malaysian stocks were likely to come under

selling pressure should there be fur-

ther adverse developments, al-

though optimistic forecasts for Sin-

results could shore up sentiment in

the weeks shead.

gapore companies' third-quarter made sector by sector in two in-

worth 32.7 million dollars.

The Straits Times Industrial In-

and the end of the year

upared with the previous

#### London

The uncertain outlook for the pound and interest rates continued to dampen enthusiasm on the London Stock Exchange last week. The Financial Times Industrial Share Index closed down 4.4 points on the week at 1,234. But the volume of transactions rose from 99.862 to 108.086.

Government stocks, or gilts remained dull as the pound estab-lished new lows against a basket of currencies, despite persistent intervention by the central bank.

Gold mines, in contrast, saw a late rally as the bullion price soared to its highest level for four years on ficial said a drop in the discount fears that South Africa might retaliate against U.S. sanctions by restricting exports of precious or rare metals.

Among companies reporting last week, cement makers Rugby Portland Cement and overseas traders Inchcape turned in better-than-ex-pected half-yearly profits.

In its monthly economic bulle-tin, Lloyds Bank forecast a "blood-bath" after deregulation on Oct. 27 that is known as the "Big Bang," with some financial institutions be ing severely hurt or disappearing.

Shares inched forward in Milan last week as investors generally kept on the sidelines because of negative indications from abroad. Volume was sharply lower, with 153 million ahares traded against the previous week's 235 million.

The COMIT index gained a slim 0.34 points after irregular progress through the week to close Friday at 750.74.

Montedison shares ended the day, partly on news that the group's president. Mario Schimberni, had walked out of a meeting with insur-

mce company Fondaria.

Mr. Schimberni has clashed with several Montedison shareholders, including the Mediobanca group, over a bid to take over Fondaria.

#### Fiat ordinary shares fell 3.61 per-Tokvo

year for securities firms last

The Nikkei average, a 437.53-yen winner the previous week, suffered a 720.76-yen setback to close at 17,240.22 Friday. The heavy loss was due largely to a 545.26-yen plunge Thursday.

Trading was active with an aver age daily turnover swelling to 1.075 billion shares from the previous week's 915 million.

Share prices usually go up in the first week of October as securities firms issue buying orders, market analysts said. But after a mixed start Monday, the market declined on massive selling orders from foreign investors and profit-taking from corporate and individual par-

The Nikkei average recovered 221.09 yen Friday as some investors bought at decline.

Dealers were uncertain whether the plunge was merely a temporary

Some analysts said there were still many institutional investors with huge excess funds, who have stayed on the sidelines in recent weeks because of an unusual trading pattern centered on a handful of giant-capital stocks.

#### Zurich

Prices registered a modest gain on the Zurich stock exchange last week, with the Credit Suisse index moving from 516 the previous Friday to 523.6. The Societé de Banque Suisse index rose from 628 to 635.6.

to 816.15. Average daily turnover dropped to 15.5 million units, worth 31.8 million dollars, from the previous week's 15.9 million units, irregular, with Union de Banques Suisses gaining 140 points to 5,790 while Credit Suisse was down 25 The Promet news and further poor results from Malaysian company were exacerbated by the mid-

points to 3,625. Finance companies were generally weaker, with Oerlikon-Bührle bearer shares down 90 to 1,470. year interim report of Singapore's national shipping line, NOL, which posted its worst-ever pretax loss of 40.9 million Singapore dollars.

Motor Columbus, however, rose 50 points to end the week at 1,925. Dealers this week expect an in-crease in the volume of transac-

tions following a procedural modi-The quotation of 25 of the most active issues will take place continnously over a period of three hours. Until now, quotations have been

maintained for small companies.

# EUROBONDS: U.S. Jobless Rate Was Good News

additional share. The package is to be priced Monday, and is expected at around 5.50 dollars. Payment is to be made on Oct. 21. The shares will quoted on the Toronto Stock Exchange and Warburg will make a market in the shares in London.

Also coming up on the Euro-equity market (not related to gold) is 15 percent of the shares being sold in Commercial Credit Co. This finance company is being spun off by Control Data, which will contin-ue to hold 20 percent of the stock. Sanford Weill, former president of American Express, has been named chief executive of CCC.

In all, 38 million shares are being sold, mostly in North America. Credit Suisse First Boston, which is arranging the international sale of 5.7 million shares, estimated the offering price to be set next month rency

will be in the range of \$21-\$24. In the bond market only one of last week's issues could be called a success, IBM World Trade's \$150 million of seven-year notes carrying a coupon of 7% percent. They were priced at 100% to yield, at the time of launch, 59 basis points, or

more than comparably dated U.S. for the other issues, particularly those with a maturity longer than

Treasury paper.

The uniform reaction was that five years.

TVO, a Finnish power company,

The IBM notes ended the week mestic investors. at 99, a modest discount and com-fortably inside the 1%-percent much foreign demand. A widening nside the 1%rare event these days. The proceeds of the issue were swapped into French francs, but lead manager Banque Nationale de Paris gave no indication how much IBM saved by raising francs this way instead of through a direct issue in that cur-

The European Coal and Steel Community's three-year issue of \$75 million of 7-percent notes was priced at 101 to yield 44 basis points over the Treasury curve and ended the week trading at a discount just about equal to the fees paid to underwriters. But there was not much demand

#### just over half a percentage point, EUROPEAN COMMUNITY

# Japan Trade Unresolved

By Steven J. Dryden International Herald Tribune

BRUSSELS - Mixed results in

the latest trade talks between the European Community and Japan could prod the EC to take action against Tokyo in the General Agreement on Tariffs and Trade, according to community officials.
The PC Council of Ministers will decide later this month whether to ask for the creation of a GATT panel to consider the issue of Japanese barriers to European alcoholic

beverage imports. The issue was one of two trade problems discussed in Tokyo last week by Japanese officials and EC epresentatives. American and Caadian officials also took part in the talks on liquor imports, which were part of a multilateral consultation process under GATT, a ne-

#### Agreement on Textiles Made With Hong Kong

The Japanese said that as part of

gotiating body for world trade.

The community has concluded a new textile agreement with Hong Kong after three months of diffi-

Hong Kong won increases of up to 1 percent for "sensitive" exports to the EC, which include blouses, shirts, pullovers, T-shirts and cotion and synthetic threads.

Hamish MacLeod, the chief Hong Kong trade negotiator, said the agreement was not all he hoped for but a step in the right direction. He attributed the concessions to recognition of Hong Kong's liberal policy toward imports.

The value of Hong Kong's ship-ments of clothing and textiles to the community is larger than any other community supplier, exceeding 2 billion European currency units (\$1.9 billion) in 1985.

a reform of their fiscal laws next spring, action could be taken on heavy taxes that penalize European

wine and liquor imports.

Community officials said that while they were pleased that Japan had dropped its previous opposi-tion to reforming the alcoholic bevined unclear how crase tax, it rem the tax regulations would be

in addition, the Japanese were unable to promise immediate action on the claims of better safety that Japanese ski manufacturers make for their products. The manufacturers say that snow

conditions in their country require skis specially made for Japanese

The claim has angered European ski makers, whose products, along with European alcoholic beverages, are among the few foreign consumer items with competitive appeal in the Japanese market.

#### Further Cuts in Quotas For Milk Are Possible

Frans Andriessen, the EC agricultural commissioner, has indicated that he may propose additional reductions in milk quotas to control the community's huge dairy

After an informal meeting of EC agriculture ministers, he said that the quota system adopted in 1984 was insufficient and that cuts approved for this year and 1986 might need to be supplemented.

Farm ministers agreed earlier this year to implement a 2-percent reduction in the milk quotas m April 1987 and a 1-percent cut in of dollar floaters launched during

issuer whose name is magic with sold 500 million French france of investors. According to data col-lected by Credit Susse First Bos-ton, Enrodollar bonds with a five-five years, at which point holders year life last week traded at 75 basis can request redemption or the issupoints over the Treasury curve, er can set a new compon. The pro-while 10-year Eurodollar bonds cess gets repeated in 1996. Lead were at 86 basis points over the manager Credit Commercial de France said the terms attracted do-

commission paid to underwriters, a disparity between short-term domestic money costs and those on Eurofranc deposits signals that there is speculation on a devaluation of the franc against the Deutsche mark in the European monetary system. The domestic cost of one-month money is 7 7/16 percent, compared to 94 percent ou Eurofrancs. Under normal conditions there would be no more than 4-point difference between the two

> The continued strength of the mark against the dollar, which dipped below the important barrier of 2 DM on Friday, found little resonance in the DM-bond market. Denmark's 750 million DM of five year notes priced at par with a coupou of 5% percent fared better than its companion 250 million DM of seven-year, 64-percent

The currency speculation is not spilling into the bond market, bankers say, because the DM it-quidity is being placed in short-term bank deposits that carry no capital risk.

Nor was there any rush to buy the Euroyen bonds. Norway's big 60-billion yen issue fared better than Procter & Gamble's 20-billion issue because of the shorter fiveyear maturity and investors' preference for sovereign names. BNP's dual currency yen-New Zealand dollar issue was essentially a pri-vate placement designed for a specific Far East investor.

The plummeting of prices on the Tokyo Stock Exchange and the continued reports that foreign inestors have switched from net buyers to net sellers of Japanese stocks have not stopped the flow of Eurobonds with warrants to buy Japanese shares. But bankers lament that there is no demand, and the issues all traded at substantial discounts last week.

The exception was a convertible bond for Tokai Bank. Convertibles over the long hand have proved very profitable for investors and in this case, with Tokai trying to make a name for itself in the international market, it is assumed that the bank will not allow its bond to be an exception. Its \$100 million of 15year bonds, expected to carry a coupon of 2% percent, ended the week at 101.

pancity of floating rate notes: Only one small \$100-million issue wa launched. Analysis at Salomon Brothers suspect the market is fatigued from the \$17-billion worth the third quarter, a record three At the end of the summer, EC month volume. During that period figures showed a record 1.35 mil-borrowing rates were pushed down lion tons of surplus butter in stor-age, and 988 million tons of pow-and lower, too low for the taste of many investors.



Swiss Bank Corporation reveals a closely guarded professional secret:

# Even if it works, ask why.

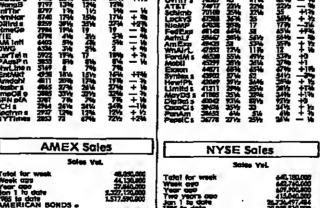
Many of our customers have something in common besides their choice of international bank. They've learned how to learn from their successes, the way everybody else leams from mistakes. The reasons why something goes right are just as important as the reasons why something goes wrong, and may be even more rewarding (and elusive). When nothing succeeds like success, it's because nothing works like work. Incidentally, when our customers keep coming back to us, we do know why. And so do they. We're one of their professional secrets.



**Swiss Bank Corporation** Schweizerischer Bankverein Société de Banque Suisse

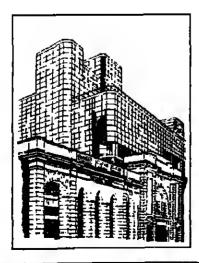
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#### **Convertible Bonds**



WE ARE PLEASED TO ANNOUNCE THE OPENING OF OUR NEW INTERNATIONAL HEADQUARTERS AT VICTORIA PLAZA

SALOMON INC

ON MONDAY, OCTOBER 6, 1986

Salomon Brothers International Limited

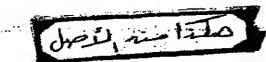
VICTORIA PLAZA, 111 BUCKINGHAM PALACE ROAD, LONDON, SW1W OSB

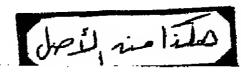
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CORPORATION COVERAGE
CORPORATE FINANCE

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NASDAO National Market

**American Exchange Options** 

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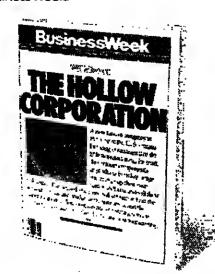
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			WEEK WEEK	FORBES	FORTUNE
N.A. CIRCULATI	ION	7	788-210	729,523	626,258
TOTAL READERS	3	1	5,713,000	2,938,000	3,624,000
TARGET AUDIEN COVERAGE					
Top Manageme	% Coverage	1	13.6%	7.9%	7.2%
	4/C CPM	7		\$124.33	\$147.80
Top Manageme	ent				
IFI \$50,000 +:	% Coverage 4/C CPM		17.1% \$141.82	11.2% \$186.49	9.5% <b>•</b> \$237.93
Top & Middle M 1000 + Employe	anagement	,	14.5% \$120.07	9.2%* \$171.47	8.3%• \$205.37
Top & Middle M		•	3120.07	. 31/1.4/	\$200.37
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	4/C CPM	1	\$89.89	\$151.38	\$163.26
READERS					
EI \$35,000+:	% Coverage 4/C CPM	1	11.7% \$23.58	6.5% 836.81	6.1% \$41.73
IEI \$50,000 + :	% Coverage 4/C CPM	1	14.9% \$56.81	10.1% \$72.22	7.7% \$102.68
College Grad.		÷	*****		- 10,55
IEI \$50.000+:	% Coverage 4/C CPM		20.3% \$71.88	13.8% \$91.13	11.4% \$118.96
DEMOGRAPHIC REGIONAL EDIT	••	,	15 .	0	11
TIMELINESS		7	Weekly	Bl-Weekly	Bi-Weekly
B/W CLOSING		1	4 weeks	5 weeks	ó weeks

Source: Spring 1986 MRI, ABC 12 Month Average -- 1985 \*Caution: Projection relatively unstable because of small base. © 1986, McGRAW HILL, INC.

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# ملدًا منه الملك

#### Nigeria Alters **Exchange Rules**

Agentes France-Presse

LAGOS — Nigeria's central bank has announced important modifications to its week-old foreign-exchange scheme, aimed at improving access to the market and strengthening

the naira against the dollar.
At Thursday's auction, the naira fell from 4.6, the rate obtained at the first auction last Friday, to 5.05 naires to the dollar. The last pegged rate be-fore the scaled-bid auction system was started was 1.55 to the

The new rules lower the pro portion of dollars for which most banks can bid to 3 percent from 7 percent, except for the central bank and three large banks, which saw their ceiling lowered to 5 percent from 10-

.20 1.5 .48 2.9

# Irish and Crédit National Facilities Oversubscribed

By Carl Gewirtz
International Herald Tribuna

PARIS - Both France's Crédit vational and Ireland may regret not having accepted the lower financing terms proposed to them for the credit facilities they currently are arranging on the international credit market.

The lowest proposals had been rejected out of fear that too many banks would balk at the low cost and that subsequent syndication among a wide range of international banks would prove diffi-

"They both wanted a success and they got it," was the way bankers described the situation. But as both facilities are now oversubscribed, it is apparent that they could com-fortably have opted for the lower

"One day it will have to stop,"

**NASDAO** National Market

OTC Consolidated trading for week ended Friday

charges has gone too far.

Mr. von Eisenhart said that "there is an undercorrent of uneasiness on whether today's terms make sense. But at the moment, it's clear they can still go lower."

Ireland is expected to use the opportunity to increase its facility

#### INTERNATIONAL CREDIT

from the planned \$400 million. It is rais paying banks an annual fee of four through a tax-sparred loan.

basis points over Liber for up to 75 tremendous cost saving — it will percent and 12½ basis points over pay a thin two basis points over Liber for more than that. These are the lowest charges Ireland has paid for an international credit line.

if more than that is drawn.

Zealand is expected to seek a \$200- the market, is raising \$300 million securities. Banks will be asked to amount is guaranteed by the Ex-Im underwrite only \$100 million. The Bank and on this portion interest is

said Roediger von EisenhartRothe, managing director of Chase
Manbattan Ltd., which is organizing the Irish credit. "The only question." he added, "is when" banks
will signal that the define in loan
Charges has come ten few.

will pay 1/2-point over Libor or 621/2

basis points over the reserve-ad-

justed rate on certificates of depos-

it. The remaining \$100 million is a

three-year loan on which interest is

fields and one gas field. The prices

set every six months, will determine the amount that may be drawn.

For the first three years the transaction is a revolving credit carrying a margin of ½ point over Libor; in the final five years it be-comes a term loan with interest set

Iberduero, the Spanish hydro-

electric utility, is renegotiating terms on \$113 million of outstand

ing debt. The amount is to be rolled

over into a new 10-year loan on

which interest will be set at 18%

basis points over Libor, Banks will be paid a renegotiation fee of five

This week, United Airlines will

tap the Euromarket for a \$750-million facility that will be used to

replace an existing domestic line of credit. The new facility will enable UAL to issue short-term notes or

The Australian Wheat Board has

revamped its approach to the short-

term market by canceling two Eur-

onote programs totaling \$750 mil-

mercial paper.

set at 12 point over Libor.

at % point over Libor.

basis points.

plus three basis points for the final \$50 million.

Despite the signs that banks are liquid and hungry for assets, syndi-cation of the \$300-million loan for India's Oil and Natural Gas Commission is reported to be moving slowly. The terms, a record low for India - 4 point over Liber for the first three years and % point over Libor for the final seven years are meeting resistance. India is sing an additional \$200 million linked to oil and gas prices and the company's production from two oil

basis points, or .04 percent, for the first two years and five basis points during the final eight years for selling short-term notes or providing loans.

To draw on the bank line, the banks in those countries will be cost to Ireland will be the London shie to use the credit to reduce their interbank offered rate, or Libor, if domestic tax liabilities. But few no more than 25 percent is used If Japanese banks are expected to Ireland draws more, it will pay 71/2 participate. For Cyprus, it means a

Following the example set by the Greeks, the central bank of Turkey 'Managers of the Credit National has arranged a \$50-million, two-Managers of the Credit National has arranged a \$30-million, two-facility said they were amazed at year loan and sold banks a one-how quickly it was syndicated but year option to convert this into doubted that the credit agency Deutsche marks. Like Greece, Turwould want an increase, It is paying an evenly split four and five for the funds. But thanks to inbasis points for a 10-year, \$300-creased speculation about an apmillion line. Drawing charges preciation of the Deutsche mark it range from Libor flat for up to 25 was able to sell the option for more percent of the amount Libor rules than the Greeks Turkey's actual percent of the amount, Libor plus than the Greeks. Turkey's actual five basis points for up to 60 percent and Libor plus 10 basis points below Libor, lead manager PRI-VATbanken reports. The cost to

Just how far banks are willing to Greece was 4 point over Libor. go on their charges should be indicated this week. The Bank of New raised an estimated \$1.5 billion in lion and enlarging its Euro-CP program to \$600 million. Dealers in the new program are Citicorp, County NatWest Capital Markets, million, five-year facility against in a joint operation with the U.S. which it intends to issue short-term Export-Import Bank. Half the CSFB, Salomon Brothers, Sandi International Bank and SBCI.

#### Talks on Rubber Opening Today

GENEVA - Leading rubber producers and consumers meet here Monday under the auspic-From the United States, Arizona es of the United Nations Con-Public Services is seeking a \$225ference on Trade and Developmillion facility. Of this, \$125 milment to draw up a new lion is a five-year credit on which it

international trade agreement. Talks in May failed to produce an accord.

The producers — Malaysia, Iodooesia, Nigeria, Ivory Coast, Papua New Guinea, Sri Lanka and Thailand — had Amoco Netherlands Petroleum is seeking a \$90-million, eight-year loan the drawings of which are asked for a 27-percent increase in the buffer-stock price. The main consumers, the European Community, the United States, Japan, China and the Soviet Union, rejected the demand.

### HYUNDAI: Pronounced Success

steady. This has widened the price is imported from Yugoslavia.

gap.
A 1987 Excel GL four-door hatchback, for instance, now lists for \$1,000 to \$1,500 less than similarly equipped Japanese models, even after a 3.9-percent price increase for the 1987 model year. "Our price position is very at-

tractive relative to our competition," said Jack Collins, marketing director for Hyundai Motor Amer-

ica.
"But price isn't everything," he said. "Look at Yogo. They're \$1,000 less than anything we have, but they sell about 2,000 a month while we're selling over 20,000 a

month." Auto enthusiast magazines and other reviewers of automobiles have rated the Hyundai cars as will bring in the Fox, manufactured more up-to-date technically and a in Brazil.

(Continued from first finance page) better value than the Yugo, which

While Hyundai's advantage over Japanese car makers is likely to continue as long as the yen remains strong, it will soon be facing more competition in the \$5,000 to \$6,500 segment of the market, much of it

from its home country. The Pontiac division of General Motors is expected to introduce a model next year manufactured by Daewoo of South Korea, even though it will bear the familiar Le-

Ford Motor Co. is planning to import a small model, called the Festiva, from Kia Industries, another South Korean company.

Competitioo from other lowwage countries is likely as well.
Volkswagen AG, for example

A Japanese Equity Mutual Fund managed by BANQUE PARIBAS (SUISSE) S.A., Geneva

PERFORMANCE in 1986: (January 1st, to September 1st, 1986)

PARTAPON

: + 52.3 % in Yen terms, (+ 100.0 % expressed in US \$)

Nikkei Dow Jones

43.5 % in Yen terms. (+ 88.5 % expressed in US \$)

PARIAPON units were issued on October 1982 at Yen 1.000 and were valued at Yen 2,789 on September 1st, 1986, giving a compound rate of return of 29.2 % per annum (expressed in Yen) or 48.2 % per annum (expressed in US \$).

Information: BANQUE PARIBAS (SUISSE) S.A. Institutional Equity Department Tel.: 22 / 87 74 40 2, place de Hollande - Geneva Telex: 421 638



6-10-86

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# Righetti Gives Yankees Unequaled Relief

BOSTON - Dave Righetti set a major-league record with his 45th and 46th saves of the season Saturday as the New York Yankees swept a doubleheader from the stolen base, topping the AL rockie mark set by Rollie Vider of the

Boston Red Sox, 5-3 and 3-1. With saves in three consecutive rames against Boston's American League East champions, Righetti broke the record of 45 set by Kansas City's Dan Quisenberry in 1983 and equaled by St. Louis's Bruce Sutter in 1984.

New York's Don Mattingly went 3-for-5 in the opener Saturday, and homered in five times at but in the nightcap, leaving him with a .351 average. With one game left, Mat-tingly trailed Boston's Wade Boggs by six points in the race for the AL batting title. Boggs has missed the last three games with a hamstring

Righetti tied the record by blanking the Red Sox for 1% innings in preserving the 5-3 victory for starter Bob Tewksbury in the

New York's manager, Lou Piniella, then fulfilled a promise to try to get the record for his bullmen ace. With two out and the bases loaded in the ninth inning of the second game, Piniella leaped from the dugout and signaled for Righ-

Dave Sax popped up a 2-2 pitch and second baseman Willie Randolph made an easy catch to give

Righetti the record. "I feel super," Righetti said afterward. "I was hoping the phone in the bullpen would ring so I could get up and throw. I just had to be careful not to trip on a hole on the way out"

> apolis, Greg Gagne hit two inside-the-park homers for Minnesota to tic a major-league record for a sin-**PEANUTS**

HERE'S THE WORLD WAR I

FLYING ACE HIGH OVER

ENEMY LINES.

the first Correa bad allowed after 251/2 scoreless innings. Indians 6, Mariners 5: In Cleveland, Julio Franco homered, doubled and singled and Joe Carter drove in his AL-leading 120th run to send Seattle to its eighth consecutive loss. The losing pitcher, Mark angston, struck out nine and

ing over the league lead from Roger emens of Roston Royals 2, A's 0: In Oakland, California, Mark Gubicza and Bud Black combined on a five-hitter for

raised his season total to 245, tak-

Kansas City.
Tigers 11, Orioles 4: In Baltithree of them in the second inning when the Angels got both of their more, Mike Heath and Kirk Gibhits and both of their runs, on Downing's double. The runs were

career, a solo shot, to tie Orlando and Steve Sax and Ralph Bryant hit Cepeda's major-league mark for run-acoring singles. Valenzuela, 21homers by a Latin American player. Kevin McReynolds hit a grand slam for San Diego, but Cincinnati overcame that as Barry Larkin drove in four runs, Eric Davis hit a 20th complete game; he leads the two-run homer and Dave Parker majors. homered with the bases empty. Perez, 44, was to retire after the Reds'

final game Sunday. Mets 6, Pirates 1; Mets 5, Pirates 2: In New York, the Mets swept a doubleheader from Pittsburgh to reach 107 victories for the season, one shy of the divisional mark set by the 1975 Reds.

Expos 6, Phillies 5: In Philadel-

for his fourth consecutive victory.

Rangers 6, Angels 1: In the American League, in Adington, Texas, rookie Bobby Witt won his

seventh straight game for Texas to

cap a dramatic turnsround from a

4-9 record. Witt hasn't lost a game since July 21. He allowed Califor-

nia three hits over five innings.

phia Dann Bilardello of Montreal, since pulling within 2½ games of who entered the game batting 187, the AL East lead on Aug. 5, were hit a three-run homer and scored assured of a last-place finish for the

the winning run in the ninth inning. first time since moving to Balti-

Giants 8, Dodgers 2: In Los Angeles, rookie pitcher Kerly Downs of San Francisco scattered seven hits land, Chris Bando singled home the

on the all-time list

Reds 10, Padres 7: In the National League, in Cincimnati, Tony Perez hit the 379th home run of his his best season with a five-hitter, high for strikeouts in a season, 242; he is second in the NL to Houston's Mike Scott. It was Valenzuela's

> Astros 3. Braves 2: In Houston. left-hander Jim Deshaies became the first Astros rookie to win 12 games in a season. He worked five scoreless innings.

Brian Dayett and Rafael Palmeiro

with two homers and two singles

for Detroit. The Orioles, 14-40

winning run with one out in the

ninth to beat Seattle. Pat Tabler,

who scored the clincher, also hit a

two-run homer in Cleveland's five-

Twins 9, White Sox 2: In Minne-

apolis, Steve Lombardozzi hit a

grand slam homer during a six-run fourth inning for Minnesota.

Royals 8, A's 4: In Oakland, Cal-

run seventh that tied the game.

# Phil Niekro's Steal Was Not for Real

CLEVELAND - Phil Niekro, the 47.

year-old pitcher who has won 311 games in the major leagues, added another accom-II. struck out seven to set a career plishment to his illustrious career Saturday The Cleveland Indians knuckieballe stole his first base - a literal steal that will

however, not count in the record books. The Indians were leading Seattle, 5-2, and batting in the bottom of the eighth inning when Jay Bell stepped out of the batter's box. Suddenly Niekro, in uniform and wearing a red napkin over his face like a mask, burst out of Cleveland's dugout beside first

Niekro ran toward second base and dove Cabs 8, Cardinals 7: In Chicago, head first into the bag. He looked up at Brian Dayett and Rafael Palmeiro umpire Vic Voltaggio, who gave a safe sig-drove in two runs against St. Louis. and Niekro sprinted to the dugout, holding the base, as the crowd of 11,991 cheered. Niekro did not play in the game, which

Astros Set Club Record With 94th Victory Cleveland won, 6-5. The Indians third baseman, Brook Ja-coby, said, "we had it set up starting in the help beat San Diego. The RBIs Tigers 6, Orioles 3: In Baltimore, gave him 1,651 for his career, 14th Kirk Gibson drove in four runs seventh inning that if somebody got on base; the batter would stall a little to let Knuckrie

#### ■ Seaver Out of Playoffs

The Red Sox announced Saturday that Tom Seaver would not be included in their playoff roster because of a strained right knee he suffered Sept. 19, the Los Angeles

Times reported from Boston.

The 41-year-old Seaver said he would continue to take therapy and attempt to pitch on the sidelines in the hope that he would be ready for the World Series, if the Red Sox qualify. The playoff roster can be

amended for the World Series.
Al Nipper will start Game 4 of the playoff against the California Angels, if the Red Sox are ahead 3-0 or 2-1. Roger Clemens could pitch on three days' rest if the Red Sox trail,

manager John McNamara said Clemens removed any doubt about his starting for Boston in Tuesday night's opening game of the playoffs by throwing without pain for 20 minutes in the builpen

#### ifornia, Charlie Leibrandt and Dan Quisenberry combined on an eight-hitter and Jamie Quirk and Frank White homered for Kansas City.

#### CITIES ON A HILL: A Journey Through Contemporary

the 1970s, settling in the Castro neighborhood, where they created an all-gay society with its own commerce, churches, policemen, politics, sexual mores and styles of dress ("short hair, clipped mustache, blue jeans and bomber jack-Americas, New York, N. Y. 10020.

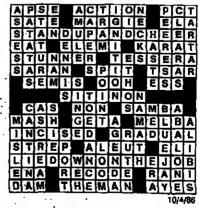
E must consider that we shall be a City
Linon a Hill, the gues of all people VV Upon a Hill, the eyes of all people upon us, John Winthrop told his Puritan company crossing the Atlantic to found the Massachusetts Bay Colony. The remarkable thing was that four centuries later Americans were With this, Frances FitzGerald launches us

into four absorbing accounts of contemporary communities, all, she feels, exemplifying the old American habit of trying to start over. Her choices: the Castro, San Francisco's gay commanity; Liberty Baptist, Jerry Falwell's church in Lynchburg, Virginia; Sun City, a Florida retirement town; and Rajneeshpuram, the In-

dian guru's ex-commune in Oregon.
"Cines on a Hill" advances the idea that American society, so big, diverse and kaleidoscopic, has never been able to agree on just exactly what its culture should be. Without a consensus on social conduct and values, Fitz Gerald suggests with wit and telling detail, groups of people have kept dropping what they are doing, taking off, and experimenting culturally with something new.

Her four community portraits make up most of the book. The rise and fall of gay liberation is perhaps FitzGerald's best. Here she consume

is perhaps FitzGerald's best. Here she captures the Felimi-like mood of a Gay Freedom Day Parade in 1978: "The clown drifted off, and I turned to watch a man in a Batman cape and a sequined jockstrap roller-skating by. He had the torso of a dancer, and he moved with figuid, dreamlike movements, crossing and re-crossing the street. He glided through the Lu-theran contingent and then swept through another group of clergymen carrying large placards of Christ on the cross. At the intersec-tion he looped ground a yellow taxicab filled with young women in T-shirts. The young women were leaning out of the windows cheer-ing and bouncing around a sign that read



#### **BOOKS** 'LESBIAN TAXI DRIVERS OF SAN

She tells how tens of thousands of homosexnal young men moved into San Francisco in

et"). In time, as tourists poured in and gays flocked to bars and bath houses in a sexual

free-for-all, it got out of band. Harvey Milk, an elected gay city official, was gunned down along with the mayor. George Moscone. When the killer, Dan White, who later committed

suicide, got off with "voluntary manslaugh-

In her story of Falwell's church, FitzGerald

FRANCISCO." American Cultures

By Frances FitzGerald. 414 pp. \$19.95. Simon & Schuster, 1230 Avenue of the

Reviewed by Richard Critchfield

#### Solution to Friday's Puzzle



why churches that preach the literal truth of the Bible and the coming Armageddon are

ter," there were riots.

making so many converts. She herself doubts that, as in the Islamic world, it is a reaction against cultural disruption. That is how Jerry Falwell himself sees it. FitzGerald reports his. fear that older values, such as the family, are about to be lost in the stampede toward feminism, divorce, pornography, drugs, abortion, gay liberation and the like.

Her report on Sun City is shorter and less entertaining than the others, but its findings are significant. Average life expectancies rose between 1900 and 1980 from 47.3 to 73.6 years. Less known is that this was mainly due to falls. in infant, childhood and maternal mortality and that the average man of 60 lives just three years longer now than he did in 1900.

But he is retiring as soon as he can. FitzGer-ald found that in 1981 only 68 percent of all men between 55 and 59 kept working and just under half of those between 60 and 64. In 1981 57 percent of all male retirees went on Social Security pensions before they were 65. Fitz-Gerald: "Americans now in their sixties and acventics are surely the first generation of healthy, economically independent retired people in history-and, in the absence of significant economic arounds. cant economic growth, they may well be the

Fitzgerald devotes the most space to her tale of Rancho Rajneesh, the notorious New Age commune in Oregon. The saga of the Indian guru and his dozens of Rolls-Royces and red-clad disciples makes enthralling reading, even if it does not fit too comfortably into her overall conception. FitzGerald also has a bit of what anthropologists call an "inside-outside" problem. In her other portraits, we know she is not a fundamentalist, elderly or gay. But she is a highly-educated American who grew up with the counterculture of the 1960s, just like so many of the doctors, lawyers, accountants, psychotherapists and social workers who become Rajneeshees. In the end, of course, Rajneesh gets his

comenppance as a foxy charlatan and the comnune goes down in rains and lawsuits.

The defects of "Cities on a Hill" pale beside this fine reporter's achievement. You just do not notice them, or if you do, it is only to be annoyed that such a good book should have any flaws at all

Richard Critchfield, the author of "Those Days: An American Album" and "Villages," wrote this review for The Washington Post.

#### **BRIDGE**

#### By Alan Truscott

On the diagramed deal in the first round of the women's open pair final at the world championships in Mi-ami Mrs. Jacqui Mitchell and Judge Amalya L. Kearse, both of Manhattan, found themselves facing their closest chal-lengers. Sitting East on the dia-gramed deal was Dorothy Truscott of the Bronx and West was Margi Gwordzinsky of Manhattan. Mrs. Mitchell and Ms. Truscott were team-

three world titles together. The opening two-dismond bid was strong and artificial, and led to an optimistic six notrump contract. To her subse-quent regret, East had taken advantage of the vulnerability

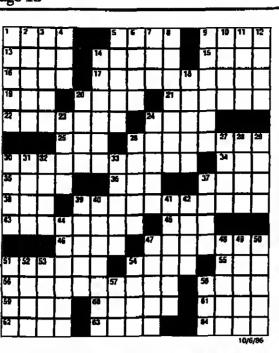
mates for many years, winning

to bid diamonds and suggest a of things to come: Mrs. Mitchlead to her partner. ell and Judge Kearse advanced West duly led a diamond, further at the head of the giving Judge Kearse an oppor-standing, while their oppo-

tunity that she was quick to nexts started on a downward seize. After winning with dum- slide, my's diamond ace she surrendered a heart trick, preparing for a potential squeeze. When she regained the lead and ran her chib winners the defense was helpless.

West was trying to guard spades and East diamonds. As a result neither could guard hearts, and dummy's heart 10 won the last trick to fulfill the slam. Without the indication from the bidding West would probably have led a spade, allowing a second spade to be led later to destroy South's squeeze chances by attacking

A K95 AKQ185 WEST (D) 11111111



51 Rank ACROSS 54 Time periods 1 Maxims 55 Storage tank 56 "A Tree Grows 58 Rescue

59 Stud-farπ

60 Minnesota

features

61 Brainstorm

Pinafore's

63 Textile worker

crew

64 Legendary Swiss hero

DOWN

Mexican

4 Actor Mineo

S Glances over

8 Part of A.A.U.

3 Infuriation

6 Sea eagle

1 Appears to be

9 Workolace agcy. 13 Old Testament

14 "Get lost!" IS Chicken house 16 And others: Lat. abbr.

orders 19 Got together bus chaser

20 Railroad or 21 Siouan tent

24 Policeman's assigned route 25 Shad 26 Links party 30 Marquis of

— rules, in boxing 34 Thicken branch: Abbr.

46 Fade away

47 Shackles

groups 10 Daytime TV nobis" 12 Church section 38 Suffix with 14 Greetings 39 Rude, derisory sounds 43 Amino-acids bird sources 45 Back talk

DENNIS THE MENACE

18 Lachrymos 20 Web-footed 23 Neighbor of 24 Cleansing

O New York Times, edited by Eugene Malesko

"HOW BOUT YOU AN' YOUR LIKELELE GOIN"

TO SCHOOL WITH ME FOR 'SHOW AND TELL'?"

WHAT HE SAID

INTO THE MANHOLE,

Now arrange the circled letters to form the surprise answer, as sug-gested by the above cartoon.

HIGH LOW

fumbles: PARCH WHILE KITTEN HICCUP

ASIA

AFRICA

WEATHER

Answer: What a mantage proposal is-A HITCH PITCH

JUMIBILE THAT SCRAMBLED WORD GAME
by Herri Arrold and Bob Lee

Unacramble these four Jumbles

PIERG

**GIHLT** 

DAHVEL

ANSTUE

EUROPE

26 Seedless plants 27 Stare at amorously

Israeli

29 Stately trees 30 Verbal saily 31 Superpower's initials

32 "Little Sir —" of songdom 33 U.S. pioneer 37 Calendar abbr. 39 Lotto relative

Lardner's 41 Deterges 42 Shows that

have no lows 44 Emulates Clemens 7 Young chicken 48 Escape by 49 "Tzigane"

54 Actress Somme

**S7 Round Table** 

knight

composer: Twins 7, White Sox 3: In Minne-50 Great bargain 51 Falling-out 52 Wild Asian ox 53 Part of a ski

FRIDAY BASEBALL Craig Reynolds's two-run triple the

Ryan said afterward that he had

been surprised by the way the As-

tros improved from an 83-victory

season and a third-place tie in 1985.
"I wasn't optimistic in the spring

The Amortisted Press HOUSTON - The 1986 Houston Astros, already champions of the National League West, have become the most successful team in

SATURDAY BASEBALL

gle game. Several players had done

it previously. Chicago's John Can-

gelosi set a record with his 50th

Angels 2, Rangers 8: In Arlington, Texas, John Candelaria and

Vern Ruhle combined on a two-

hitter and Brian Downing drove in both runs for California. Edwin

Correa took the loss despite allow-

ing only two hits. He walked six,

White Sox in 1910.

the 25-year history of the franchise. Noian Ryan pitched the Astros to a 6-2 victory over the Atlanta Braves on Friday night that was Houston's 94th triumph of the season, against 66 losses. The victory eclipsed the club record of 93 set in 1980, the only other year the Astros

won the NL West title. Glenn Davis, the singging first baseman, hit a two-run home run in the fifth inning, his 31st of the year. He has 100 runs batted in.

Ryan scattered five hits, struck out six and walked one. He retired the Braves in order for four innings before Bob Horner led off the fifth

Houston took a 3-0 lead in the

because we didn't make any moves over the winter like some other chubs did to improve ourselves," the veteran pitcher said. "This is one of those years that the things that had to happen, happened."
One of the things that happened was the development of Davis.

"I wasn't expecting this at the first of the year," said Davis, the first Houston player to drive in 100 runs since Bob Watson in 1977. "T wanted 90 RBIs and anything else is a bonus.

Reds 6, Padres 3: In Cincinnati,

Brewers 4, Blue Jays 1: In Toronto, Bill Wegman combined with two relief pitchers on a four-hitter, although allowing Jesse Barfield's second against Jim Acker with Tony Perez hit a two-run double to DOUGHNUTS IN THE RED CROSS TENT!

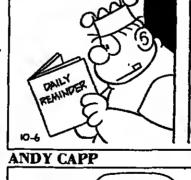
SUDDENLY HE TURNS SOMETHING IS CALLING HIS PLANE AROUND! HIM BACK

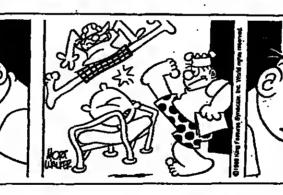














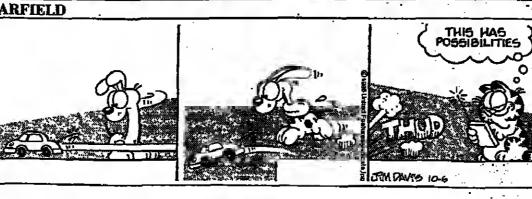




KNIGHT







# LATIN AMERICA NORTH AMERICA MIDDLE EAST <u>OCEANIA</u>

**SPORTS** 

# هكذا مند لليمل

# for Ratish Luck Runs Out **Against Alabama**

NEW YORK - Second-ranked Alabama broke a four-game losing treak against Notre Dame on Sat-arday as Mike Shula threw three Iowa's defense forced five turn-

oams accomplished something it. was mable to do in four tries under ts famous coach Bear Bryant "If I could, I'd be more than

- sappy to give my part of the excitenent of winning this game and dedicate it to him," said Ray Perrins, who played for Bryant in the Alabama in 1982, shortly before

Bryant's death. With Greg Richardson returning a punt 66 yards and Shula throwing scoring passes of 52 and 22 yards to lanker Al Bell and 11 yards to tight end Howard Cross, Alabama erased much of the disappointment of those four defeats.

Two of the four losses came in bowl games that cost previously indefeated Alabama teams national championships in 1973 and 1974. Alabama also lelt it deserved na tional championships that instead were voted to Notre Dame in 1966 and 1977.

Alabama, 5-0 this season and unbeaten in its last 11 games, made Notre Dame's Lou Holtz 1-3 in his first year coaching the Irish. mi 34, Northern Ellinois 8

Winny Testaverde passed for two Souchdowns and ran for another in the first half as Miami celebrated as new status as No. 1. Testaverde was 12-of-16 passing for 208 yards with no interceptions.

Nebraska 27, South Carolina 24: Leve Taylor's 11-yard scoring pass o Todd Millikan with 1:26 re ng, and a final stand by the Neoraska defense, got the third-anked Cornhuskers a victory. Michigan 34, Wisconsin 17: Bo rictory No. 200 as No. 4 Michig eat Wisconsin when Jim Har-augh became the first Wolverines := \_-puarterback to pass for 300 yards n a game. He completed 15 of 24 ses for 310 yards.

Penn State 31, Rutgers 6: The No. 5 Lions won with quarterback ouchdown and setting up two; he vas 13-of-20 passing for 154 yards.
Oklahoma 56, Kansas St. 16: Re-

v. erve quarterback Eric Mitchel r for No. 6 Oklahoma. He started n place of Jamelle Holieway, who ad a bruised shoulder.

Auburn 55, Western Carolina 6: ames Joseph had two touchdowns is No. 7 Auburn rolled up 41

U.S. COLLEGE FOOTBALL

onedown passes during a 28-10 overs by No. 17 Michigan State, of 29 passes.

By beating Notre Dame, Alafor 240 yards and two touchdowns. The Spartans drove to the Hawk-eyes' 4-yard line with 1:25 left, but

> Washington 50, California 18: No. 12 Washington intercepted six California passes.

> Arizona State 16, UCLA 9: An ll-yard touchdown pass from Jeff Van Rasphorst to Bruce Hill with 14:24 left gave the No. 16 Sun Devils their first victory ever over the

San Jose State 45, Fresno State 41: Mike Perez passed for five touchdowns and the Spartans scored twice in the final 42 seconds against No. 19 Fresno State to end the nation's longest major college unbeaten streak at 15 games.



an eight-yard loss as the No. 2-ranked Crimson Tide beat Notre Dame for the first time.

# Asian Games Success, Especially for Seoul

By Allan Kelly

SEOUL - The 10th Asian Games came to a fitting end Sunday as a capacity crowd of 100,000 packed the elegant Olympic stadium to cheer on South Korea to the

soccer gold.

That 2-0 victory over Sandi Arabia left the Koreans one title short of dethroning China as Asia's top sports power. But the 16 days of competition did prove that the days were over when the Chinese and apanese had it all their own way.

On the political front, South Korea failed to attract most of the Communist nations of Asia, and in perticular the North Koreans. But that was never in the cards.

However, 27 out of the 36 members of the Olympic Council of Asia turned up, with the big catch being the image delegation from China, which does not have diplo-South Korean authorities played

down the Chinese participation, but that, plus the lukewarm response from the Soviet Union and its East European allies to North Korea's calls for a boycott, augurs well for the 1988 Olympics, which are to be held in Seoul. The Asian Games infrastructure

was impressive, the organization capable and the public enthusiastic, if at times too hungry for triumphs. Noints in the first half.

Southern Cal 35, Oregon 21:
Rodney Peete completed 11 of 13
irst-half throws for 202 yards and

total data of the first half.

They had plenty to cheer about.
Before the games began, the Korg-ans had put their athletes through mouths of intensive training and a touchdown for a 35-7 lead, and had promised hierative cash re-

thrilling title chase after the power-ful Chinese. The South Koreans' gold rush swept on in their own martial arts invention of tac kwon do; in judo, where they eclipsed the formerly reigning Japanese, and in boxing, where outright aggression t the hosts an unprecedent-

ed 12 of 12 titles. By the final day, South Korea and China were even, with each having won 92 golds. Only the silver tally separated them.

Korean hopes, however, were quickly dashed as China's in-depthstrength proved decisive in the two

gold made the final gap the narrow-est possible: 94 for China, 93 for South Korea and 58 for Japan.

The standard of competition, in world terms, varied at the games. In the showpiece sports of athletics and swimming, the gap between Asian best and world best was still large. But in such sports as tabletennis, judo and archery, the level was well up to Olympic standard. The games also brought forth

some stars who could take the limelight again in 1988. Among them were gymnast Li

umph at the Los Angeles Olympics two years ago. Here he failed to sweep all seven golds, but his four titles, including the individual all-

India's P.T Usha was the star of the track with four golds. She now will concentrate on her favorite, the 400-meters hurdles, for 1988.

In the swimming pool, China's Yan Ming was outstanding and is now hard on the heels of the top East German and U.S. swimmers.

# Eagles Top Falcons, 16-0, To Upset 2d Straight Foe

ATLANTA - Junior Tantalatasi and Ron Johnson turned short passes into long gains that set up two scores Sunday as the Philadelphia Eagles handed the Atlanta Falcons their first loss of the National Football League season, 16-

That ended Atlanta's six-game vinning streak over two seasons. while the Eagles went to 2-3 with their second upset victory in a row. It was Philadelphia's fifth straight game against an undefeated oppo-

After netting only 23 yards on their first four possessions, the Ea-gles still acored first, on Ron Jaworski's eight-yard pass to Mike Quick, who made a diving, onehanded catch in the right corner of the end zone with 4:12 left in the

talatasi ran 56 yards to the Atlanta 18 after taking a short pass from aworski and breaking two tackles. Johnson raced 39 yards to the Atlanta 26 after his short reception from Jaworski, setting up Paul McFadden's 31-yard field goal that gave the Eagles a 10-0 lead two

econds before halftime. Ning of China, who had made his mark with a triple gold medal triscore despite twice getting inside the Philadelphia 10 and twice reaching the 26.

Redskins 14, Saints 6: In New round, was proof that he is still Orleans, George Rogers pounded near his best.

Orleans, George Rogers pounded his former teammates for 110 yards and a touchdown to keep Washington undefeated. Rogers' third-quarter touch-

down gave him seven for the season, best in the NFC.

Bears 23, Vikings 6: In Chicago, Jim McMahon threw a 58-yard touchdown pass to Keith Ortego **NFL ROUNDUP** 

early in the fourth quarter after the McMahon-Ortego combination struck for a 49-yard pass in the second quarter to set up a two-yard touchdown run by Walter Payton. Kevin Butler kicked three field

The Bears' defense intercepted two passes by Tommy Kramer and sacking the Viking quarterback seven times for losses of 49 yards. Patriots 34, Dolphins 7: In Fox-boro, Massachusetts, Tony Eason threw two touchdown passes against the young and wounded Miami defense as New England

scored on five of its six first-half Miami's Dan Marino, intercepted an NFL career-high four times a

picked off by the Patriots.

New England led by 27-0 at half-time in ending a two-game losing streak. Miami lost its third straight and is 1-4, its worst start since Don

Shula became coach in 1970. Eason threw touchdown pa of 2 yards to Willie Scott and 38 yards to Irving Fryar before suffer-ing bruised and possibly fractured ribs in the last minute of the first

half, when he was sacked by Mack Giants 13, Cardinals 6: In St. Louis, strong safety Kenny Hill in-tercepted a pass by Neil Lomax in the third quarter and Joe Morris followed a long penalty with a one-

yard scoring for New York. The Giants drove 55 yards to the game's only touchdown, getting 31 yards when St. Louis cornerback Lionel Washington was flagged for pass interference. Morris scored one play later, and the Giants' defense stood a late drive to its six.

Lions 24, Oilers 13: In Pontiac,

yards and two touchdowns as Detroit beat Houston despite an NFL career-high 398 yards passing by the Oilers' quarterback, Warren

Moon was 21-of-38 passing, throwing five for 155 yards to wide receiver Ernest Givins and one of 81 yards for a touchdown to Drew Hill. But he was intercepted three

burgh, Ernest Byner ran four yards for the deciding touchdown following a fourth-period fumble by the Steelers, and Cleveland ended a 17season jinx at Three Rivers Stadi-

Gerald McNeil scored on a 100yard kickoff return as the Browns withstood three fumbles that led to Steelers' scores and won in Pittsburgh for the first time since 1969, when the Steelers played at Pitt

Raiders 24, Chiefs 17: In Kansas City, Missouri, Jim Plunkett passed for the go-ahead touchdown and Los Angeles, helped by a "commu-nications breakdown" when the video replay official tried to disallow a score, rallied to post a wild.

brawling victory. ing the game said that Jack Reader, the official in the video replay booth, had ruled that Donkie Williams was out of bounds on a 12yard touchdown pass from Marc Wilson in the second period. But cations breakdown" with the booth and mistakenly let the play stand,

Beneals 34. Packers 28: In Milwaukee, Boomer Esiason passed for two touchdowns and James Brooks ran for two in a 27-point

# Norman Wins Match Play By Beating Nicklaus, Lyle

WENTWORTH, England -

Greg Norman of Australia won his third World Match Play golf title Sunday, beating Sandy Lyle of Scotland, 2 and 1. Norman, the leading money win-ner on the U.S. circuit this year and the match play champion in 1980 and -83, opened a comma lead against Lyle, then fought off a

challenge before ending the match at the 35th hole. The final, over the par-72 Wentworth West course, was a contest between the winners of the last two British Opens. Lyle, last year's tit-list, struggled to make up for a poor

the ninth-ranked Trojans held off an Oregon rally in the second half despite losing five fumbles.

Arkansas 34, TCU 17: Two fourth-quarter touchdown runs by quarterback Greg Thomas led the imbeaten, eighth-ranked Razorbacks.

The target was not so much to the first nine holes.

Norman opened a six-hole lead, which Lyle had cut to one by the 34th. But he conceded defeat after failing to recover from a disastrous tee shot at the 35th.

Jack Nicklaus of the United

States won a playoff for third place, beating Rodger Davis of Australia,

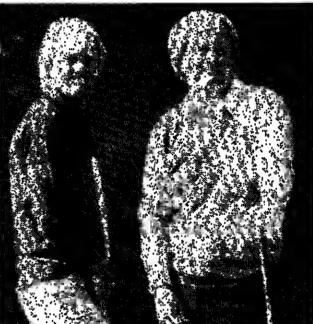
Norman had defeated Nicklaus

on the final hole of their semifinal Saturday. Lyle beat Davis, 2 and 1. After his victory, Norman said he would not play the tournament again because of the hostile reception he received from the pro-Lyle

"I was very disappointed with the attitude of the fans," he said. "I know Sandy is their favorite, but there is no need to make noises and movements in the middle of my He said some fans banged the

tee off at the minth, and others clapped when he missed putts.
"I didn't feel like I won a golf tournament, I felt like I won a battle," Norman said.

metal supports as he w



"I am going to draw the line and not come back to defend my title."

Jack Nicklaus, right, watched a drive by Greg Norman in the semifinals. Norman won the match on the last hole.

Football

# **Sweden Gains Cup Final; U.S. Stays in Contention**

and Stefan Edberg completed a crushing victory over Czechoslova-kia on Sunday as Sweden advanced to the final of the Davis Cup tennis competition for the fourth consecu-

In the other semifical, in Brisfive-hour doubles match.

l, when play was suspended Satur- year.

seven hours per day.

Carlsson withdrew after complaining of lower back pains during

Pernfors was returning excellently

The Americans trailed, 2 sets to gious trophy in 1984 and again last

#### SCOREBOARD

#### Tennis'

44.4-1,4-2,4-2; Poul Anno

Davis Cup All Best-of-Five Molches SEMIFINALS Pot Costs, Austrolia, def. Tim Mayotte, U.S.,

(At Pruise, Cachestovatio)

(At Pruise, Cachestovatio)

Kent Carlson, Sweden, del, Allostov Medir, 64,62,64; Stefan Edberg del, Allon Sretter, 54,64,64,64,67,65; Medir and Tomas Smill, Cachestovatio, del, Anders, Inspec Czechoslovakia, def. Anders Jarryd and Ed-berg, 74, 62, 64; Michael Perniers, Sweden, def. Milan Srejber, Czechoslovakia, 57, 60, 6-

WORLD GROUP PLAYOFFS

LAT Essen, West Germany)

Boris Gectar, West Germany, def. Rout
/fver, Ecsodor, 4-4,6-4, 10-8; Eric Jelon, West
Permany, def. Andres Gomes, 6-4, 6-3, 7-4, 7-5;
leten and Becker def. Viver and Gomes, 6-2,6-1,6-4; Becker def. Gomes, 7-5, 6-2; West Germany view. 5-1

(At St. Oall, Switzerland) rdt, Switzerland, 7-5. 6-3; Ieroel wins, 4-1 (Al Mostrette, France)

(Al Mostrette, France)

Thierry Tulgers, France, def. Thomas Musor, Austria, 4-6,-6, 3-6, 7-5,-9-2; Henri Leconte

and Guy Forse, France, def. Muster and Alex

Untelrisch, 6-6,-6-2; Leconte def. Muster, 4
6-2; Horst Stoff, Austria, def. Tulgers, 2-6,-6
4-7: Emericant state.

(AT New Delhi)
Romesh Kristman, india, det, Andrei Ches-lokov, Saviet Union, 6-4, 6-4; Alexander Vol-: India wins. 4-1

4 63; France wine, 41

(At Santiese, Citie)
Horacle de la Pena, Argentina, def. Hone
Gildemetaler, Chile, 6-3, 7-9, 6-2, 10-2; Mortin
Julio, Argentina, def. Pedro Reboliedo, 6-2, 4-1, 6-2; Gildemetaler and Ricardo Acuna def. Ju-vier Frona and Cristias Minimal, 6-3, 2-6, 6-3, 36, 9-7; Argenting leage, 2-1

(At Assection, Peressen)
.Victor Pecci, Porsspucy, def, Michael Youss, Denmark, 64, 6-2, 4-1; Pather Bostlonsen, Denmark, cel., Fruncis Gorszoles, 7-5,4-4-6-6, 3; Pecci and Gorszoles def, Michael Morten-Sh and Marten Christensen, 6-4, 6-1, 5-7, 6-2; Denmark, 6-4, 6-1, 5-7, 6-2;

#### Men's Tournaments

Simples Semiffmett
Uit Stantund, Sweden, def. Simo Hely, 6-3, 6-3, 6-2; Poblo Arraya, Peru, det. Cloudio Mezzardi, Hely, 6-1, 6-2

Final Stenland def. Arrays, 4-2, 4-3 Women's Tournaments (At Leadirecht, Helberlands)

(At Hew Orleans) Strates Semiflenia States Semificate
Wrottlova, U.S., def, Zine Gonton. U.S. 4-1, 4-4, 6-3; Post Shriver, U.S., def. ichrisio Sebethd, Breett, 7-4, (7-3), 6-3

#### Baseball

# Friday's and Saturday's Major League Line Scores

FRIDAY'S RESULTS
AMERICAN LEAGUE

Milwastoe

102 909 918—4 9 1

Tereste

103 909 18—1 6 8

Westman, Johnson (7), Piesec (9) and
Schroeder: Clancy, Eichiern (8) and Whitt,
Mortinez (8), W—Westman, 5-12, L—Clancy,
14-14. Sw—Please (14), HR3—Alilwaukse,
Mannins (3), Toronto, Berfield (40),
Defreit 904—6 18 8

Beillimore 929 901 905—9 8 9

Tarrell, Kino (8) and Heath; AMcGregor, Hebyan (4) and Statere, W—Terrell, 15-12, L— (20), Gitson 2 (27). Baltimere, Ripter (25).
Chicago 280 e00 = 2 6 8
Aliesesote 902 610 60x = 9 18 8
Dolson, Filson (4) and Korkovicer Smithson. Portugol (7) and Solos. W-Emitheon, 1314. L.—Datson, 10-17. HRs.— Chicago, Beston (4). Minnesote. Lombardoxid (8), Puckett (31), Gagne (10).

4-4. L.—Trujillo. 3-2. MRs—Seattle, Presiey (27), Hangel (1), Cleveland, Clark (8), Tabler

(6). California 969 169 566—1 3 1 Texas 922—6 9 B McCoskili, Moore (91 and Norroe, Milber (7); Will, Williams (a). Horris (9) and Sloseht, Mercado (8), W—Will, 11-4, L—McCoskili, 17-10, Sv—Horris (20), HR—Cottornia, Jones 117; Texas, Kunkei (1). Texas (1) and Gedman, Sullivan (2). W—Texas (2) and Gedman, Sullivan (2) and Gedman, S Leibrandt, Quisenberry (9) and Quirk; Anduigr, Plunk (6), Leiper (9) and Tettleton. Wsos City, Quirk (0), White (22).

#### Major League Standings AMERICAN LEAGUE

W L Pct, SB W L PCK 98
107 54 445 —
85 75 -331 2714
77 01 484 2774
78 82 486 2874
97 10 434 37
44 97 298 43 a-New York St. Louis Montreal Chicago

(11), Traber (12). MATIONAL LEAGUE

Son Diego 236 600 600—2 18 6 Cincinenti 910 400 01;—4 0 0 Wolno, Hoyt (4), Booker (4) and Parent, Santingo (4); Power, Robinson (9), Franco (9) and Illaz, Butero (9), W—Pawer, 10-4. L— Sortingo (6); Power, Robinson (9), Franco (7) and Illiaz, Butero (9), W.— Power, 10-4. L.— Wolno, 2-2. Sv.—Franco (28).

Aliente 90 90 919-6 7 1 Houston (8) and Benedici; Ryon, David (18), Kerteid (9) and Ashby, Wine (7), W.— Power, 127). Houston, Davis (31).

Meeting (27). Houston, Davis (31).

Meeting (27) and Billardello; K.Gross, Hume (7).

Claire (9) and Billardello; K.Gross, Hume (7).

Schatzader (8), Telsuve (8) and Rassell.

MecCartingon, 19-5. L.—Tsautve, 11-5. Sv.—Ex.

Claire (1), HR.—Montreo, Billardello; (4).

Sax Prescisce 400 900 918-8 7 1

Les Angelec 90 900 118-8 7 1

Downs and Oueliette; Welch, Galves (6), V. Condender (8), Telsuve (8) and Rassell.

Williams (1), M.—St. Look, Loop (3), Ven Siyke 119.

Chicago, Davis (1), M.—St. Look, Loop (3), Loop (3), Ven Siyke 119.

Chicago, Mery (4), According (5), Franco (7), Howell (9) and Sclosela, Fimple (8), W.—Deens, 4-1, L.—Welch, 7-13, HR—pin (8), W.—Cennel (20), M.—Standard (2

Sax Francisce
Les Angeles
Downs and Oueliette: Welch, Golvez (6),
Vande Barg (7), Howell (9) and Scloecia, Fimple (8), W—Downs, 4-4, L— Welch, 7-13, HR—
Los Angeles, Bryant (4). SATURDAY'S RESULTS

Second Gentin
New York:

118 800 918—3 11 1
Sociou
900 928 986—1 5 B
Rostmussen, Fisher (7), Righetti (7) and
Skinner; Nipper, Schiratdi (8) and Sox, WRammussen, 18-6. L.—Nipper, 19-12, 5v—Righti (46). HRS—New York, Randoleth (5), Mathematic

etti (46). HRS—New York, Randoleh (5), Mat-tinalv (38).

Kimma (28). 908 929 908—2 9 8

Deklami
Gobiçio, Black and Sundhery: Stewert and
Willand, Tettleton (8). W.—Gubicia, 13-4. L.—
Stewart, 9-6. Sv.—Block (9).

Calcago 100 901 100—3 9 1

Minnesete Bonnieter, Netson (4) and Hossey: Bhyleven
and Lauciner, W.—Blyteven, 17-14. L.—Bannieter, 10-14. HRS—Chicago, Bosion (5). Minneset
to. Lauciner (10). Gapne 2 (12).

to, Loudner (18), Gagne 2 (12). Colliernia 126 800 8 

Z. L.—Correo. 72-14, Sv.—Rahle (1).
Seattle e01 001 at3-5 9 1
Cleveland e00 499 499 619-4 19 1
Lorsedon and Keorney; Swindell, Comacho
(9) and Alkarson, W.—Swindell, S-2, L.—Longston, 12-14.Sv Comoche (20), W-Swi 2. L.—Longston, 12-14, Sv.— Carnocho (28). HRs—Seattle, Valle (3). Cleveland, Franco (10). Detrot: 648 386 662—11 15 6 640 300 002--11 15 G

Bolfstore 298 683—4 11 7 Kelly, O'Neol (5) and Heath; Bell, Jones (2), Snell (4) and Stellare, W—Kelly, I-2 L—Bell, I-2 Sv—O'Neol (2), IRD—Dethill, Heath (4), Gliston (28), Herndon (8), Baltimora, Shelby 2

HATONAL LEAGUE
First Gume
Potshurgh 900 000 100-1 6 2
New York 900 000 000 000-6 9 1
Fornsier, When (5), Clements (5), McWilliams (6) and T.Pana, Diedo, Sisk (7), Oracco (8) and Hearn, W-Oledo, 18-1 L.—Fanaler, 8-1
Sw-Oracco (21).

nt, Bockus (3) and Melvin; Valer

Point, 1-4. Sv.— France (29), HRs—Son Diego, McReynolds (26), Cincinnati, Parker (31), Pe-

Second Goose

Pithderys 900 118 900—2 4 B

New York 900 218 900—2 4 B

Potherson, Walk (5), Krowczyk (4), Robinson (8) and Oritz: Aguilero, Niemann (4),

McDowell (7), W—Aguilero, 18-7, L—Patterson, 2-3, Sv—McDowell (22), HR—Pithoburgh,

Roy (7),

Allowle 900 000 000 Selected U.S. College Scores

9-1. Alantrud 291 516 600 600 60-4 13 2 Philodelphia 603 600 600 601-5 17 3 Tibhs, Brown (6), ArcCurve (7), Reardon 191. St. Claire (9), AkcGattpan (11), Roberus (12) and Bilordelio; Biffiger, Huden (6), Hume (5), Tekutve (8), Badrusian (1)), Schatzeder (13) and Russell.

Holy Cross 16. Colpute 12 Massochusetts 31, Rhode Island 17 Navy 45, Dartmouth B hire 42. Connecticut 19

Auburn 55, W. Corolino 6
Carson-Newmon 17, Cohovb
Clemson 24, Citodel 8
Georale 14, Altsplasippi 10
Kentucky 32, S. Mississeppi
LSU 28, Florido 17
Marsholl 14, VAI 9
Miomi, Fib. 34, N. Illinois 0
Nebrossic 27, S. Corolino 24
N. Corolino 21, Georale 7ee
Richmond 56, Beston U. 15

Virginia 30, Wake Forest 28 AIDWEST

re Division W. L. T. P.F. P.A. Pis PTR Division

18 3 0 204 254 20

9 4 0 318 296 10

8 8 0 293 289 16

8 6 0 349 312 16

8 7 1 290 370 11

Konsos 25, 8, Hillnots 23
Kent St. 33, Cent. Michison 39
Micrist. Ohio 34, Ohio U. 14
Michison 34, Wisconsin 17
Alinnasoto 34, Purdus 9
Ohio St. 14, Hilnots 0
Toledo 23, E. Michison 18
SOUTHWEST
Active 34, Tenes Contents 3

Arkonous 34, Texas Christic Baylor 27, Houston 13 Oklohoma 56, Kansas St. 10

Textus 17, Rice 14 Textus A&M 45, Textus Tech 8

Artzono St. 16, UCLA 9

CFL Standings

FAR WEST

#### European Soccer

MOISIVIO TRAFF HELICIAN ester City 1 Leicester 2 Nerwich 1 Queens Park Rongers 0 Notfingham Forest 1 Manchester United Sheffield Wadnesday 4 Oxfers United 1

Tottechoon Hetspur 8 Luton 9 Wolford 2 West Hosen 9 Wirebiedon 1 Liverpool 3 Points standings: Nottinghom Forest 20, Norwich 20, Liverpool 17, Shelfield Wadnesday 14. 2 verton 15. Coveratry 15. Totter West Hern 15. Southernative 13. Luten 13. With bledon 13, Arsenol 12, Leicaeter 12, Wetford 11, Queen's Park Rangers 11, Oxford 16, Chelsea 9, Charlton 8, Manchester City 7, Aston Villa 7,

00 4 Ne

WEST GERMAN FIRST DIVISION Borussia Dartmund 4 Fortuna Duesseldorf ) Homburg 1, Kaiserskustera 1 Waldhof Mannhelm 1, Barussia Moen-chesgladbach 1 Chespiozocci 1
Boyern Munich 3, Bochum 2
Schoffe 2, Cologne 4
Stutigart 1, Nurambers 1 Saver Verdingen 1, Hombury 0 Blou-Weiss Berlin 2, Eintrocht Fronkfur? Boyer Leverkusen 4, Werder Bremen 1

Bover Levertosen & worver and the Bover Polisis standinger: Boyern Murch 15, Boyer Levertosen 73, Stutteori 12, Homburg 12, Boyer Levertosen 73, Stutteori & Carriero 11, Scholice

er Verdingen 11, Werder Bramen 11, Scholke 11, Borseela Dorfmund 10, Kaleerslautern 10.

Cologne & Hombury & Blow-Weles Serlin S. Nurembery 4, Fortuna Duesection 1 3, FRABICH F) RST DIVISION: Nice 1 Monoco 8 Nontes 2 Toulouse 1 Rennes 1 Lons 2 Rennes 1 Lens 2 . Bordeaux 2 Paris St.Germain 6 Sochaux 2 Marmille 0

Metz 1 Saint Etienne R.C. Paris 2 Brest 2 Lille 1 Apperre 1 Toulon 3 Lovel 0 Tr. Peris SG 19. Toulouse 14. Nantes 14. Lille 12. Auxerra 13. Metz 12. Le Havre 12. Monaca 12. Lens 12. Sochan/ 12. Nice 12. Brest 13. Lovel 18. Saint-Etienney, RC Paris 9, Ran

SPANISH PIRST DIVISION Barcelona 3, Valladelid 9 Real Socieded 3, Espanol 3 Cassuma 1, Real Madrid 9 Alletica Madrid 1, Gina 9 Mejorca 1, Sevilla 1 Santander 2, Athletic Bilboo 1 Batla 3, Marcia 1 Betis 2, Murcia 1 zz 2. Los Polmos 1 Codiz 1 Saba Petot standings: Barcatona 11, Iteol Madrid 18, Affetics Madrid 4, Majorco 9, Espanol 8, Gi(on 8, Zoragaza 8, Voliadolid 8, Oscauno 7, Afrietic Biboo 7, Cadiz 7, Betis 7, Sevilla 6, Las Polimos é. Real Sociedad S. Sankander é. Saba-

ITALIAN FIRST DIVISION Ascell 6 Aveiline 1 Atelente 1 Empell 9 Como 1 Breccio 0 Florentino 0 Udinese

Juvanites 8 AC must Napol( 2 Torino 1 Peint standings: Juventus 7, Nopel ( & Co & Inter Milan 5, Avettino 5, Empeli 4, AS Ro & Asseti 4 Verone 4, Tarko 3, Piorentino

Transition

Inter Milan 4 AS Roma Juventus 8 AC Milan 0

BASEBALL

Assertors League

AL—Normad Lorry Barnett, Lerry McCay,
Nick Bression, Terry Conney, Rich Garcia
and Rocky Roe unpires for the American
League Championship Series.

BOSTON—Announced that Tem Server
will not slitch the American League Champlonship Series. Announced that Edward Kenney, vice president and player development
director, will retire of the ead of the veer.

AILWAUKEE—Announced that the con-

ALLWAUX2E--Announced that the con-tract of Ben Optivia, outfielder, will not be

# day after a dormant Davis Cup rule PRAGUE - Mikael Pernfors was enacted that restricts play to

pane, Paul Annacone and Ken Flach of the United States received standing ovation Sunday from Australian spectators when they kept U.S. hopes alive with a grueling, five-set victory over Australia's "I lost it by serving badly," Pat Cash and John Fitzgerald in a Srejber, said. "On the other hand,

Pernfors, a last minute-substitu tion for the ailing Kent Carlsson, consistently outmaneuvered Milan Srejber to win, 5-7, 6-0, 6-0, 7-5. and give Sweden an unbeatable 3-1 lead in that five-match series. Edberg then crushed Miloslav Mecir,

practice Sunday.

With their team trailing by 2-1 in my first and strongest serves, and edged the strongly favored Austra-lians, 8-10, 1-6, 7-5, 13-11, 9-7 in one of the most memorable Davis winner of the Austra-lia-U.S. semi-Cup doubles matches of recent final Sweden lost to Australia in the 1983 final, then won the presti-

# **SPORTS BRIEFS**

Dancing Brave Wins Arc de Triomphe PARIS (AP) — Britain's Dancing Brave, ridden by Pat Eddery, scored a brilliant victory Sunday in the 65th Prix de l'Arc de Triomphe, winning by more than half a length after a tough battle in the final straight.

Second was the favored French horse Bering. Triptych was third in a

photo finish over Shahrastani. It was the third triumph in the race for Eddery, an Irishman, and the second consecutive victory for Sheikh Khalid Abdulla, owner of Dancing

#### Brave. His Sagace won last year after a protest.

U.S. Facing Soviet in Volleyball Final FARIS (AP) — The U.S. volleyball team, the Olympic gold medalist, was to meet the Soviet team, the defending titlist, in the final of the 1986 world men's championship after each team won its semifinal match Saturday, the United States downing Brazil, 15-5, 15-9, 15-3, after the Soviet Union defeated Bulgaria, 15-8, 15-2, 15-13.

The Russians lead the Americans, 4-3, in head-to-head matches this year, but since the 1984 Olympics the series stands at 12-6 in favor of the United States. In the final, the Americans will have five of six starters from their Olympic team and the Russians will have four who started for the 1982 world champions.

Thorpe Leads Southern Open Golf COLUMBUS, Georgia (AF) — Jim Thorpe came from five shots off the pace Saturday to hold a one-stroke lead after three rounds of the Southern Open golf tournament, shooting a six-under-par 64 for a 54-hole total of 200.

Friday, fell off to a 71 on Saturday and was two shots back. At 202 with him were George Archer, Mike Donald and Fred Wadsworth.
On Friday, Curl shot 11 birdies en route to his nine-under-par round, which equaled the 1982 tournament score of Hale Irwin. Among his birdies were putts of 40 feet (12 meters) on the par-5, 594-yard eighth

#### hole; 25-footers on Nos. 5 and 13, and a 20-footer at No. 17.

For the Record Amity Chef won the \$333,762 Messenger Stakes by 1% lengths Saturday night at Roosevelt Raceway in Westbury, New York, and spoiled Barberry Spur's bid for pacing's triple crown. Barberry Spur finished

Creme Fraiche won the \$850,500 Jockey Club Gold Cup on Saturday at Beimont Park, holding off the heavily favored Turkoman by a head. Creme Fraiche, a 4-year-old gelding who won the Belmont Stakes last year, was ridden by Randy Romero.

Nico Claesen, a forward on Belgium's World Cup soccer team, flew to London on Saturday to sign for Tottenham of the English league. Claesen

body, FISA, announced Friday in Paris. FISA said its executive had decided to return to normally aspirated engines as a safety measure and to preserve competitiveness of some teams, such as Ferrari, that were left behind with the emergence of turbo engines.

help me stay retired."

Payne Stewart shot a 68 and was in second place, one shot behind Thorpe. Second-round leader Rod Curl, who had a course record-tying 61.

has been playing with Standard Liege. (AFP)

Turbocharged engines are to be phased out of Formula One auto racing over the next two years and banned in 1989, the sport's world governing

#### Ouotable

Earl Weaver, who is retiring again as the Baltimore manager, on the first sub-500 season in his career: "One good thing. The memory of this'll

#### **LANGUAGE**

# Frame-Ups and Setups

By William Safire

WASHINGTON — A State Department spokesman said that the Soviet case against Nicholas S. Daniloff, an American newsman in Moscow, was based on charges that were "contrived," and many news stories promptly jettisoned that weak word for an informal but more widely understood usage: the newsman, it was reported, had been framed.

The New York Times reported that a White House official had "said 'a lot of people in this administration are furious' about what he called the 'frame-up' of Daniloff." The Washington Post made no effort to allude to the informality of the verb frame and headlined the news of an earlier such instance: "1984 KGB Attempt to Frame Daniloff Reported.

A week later, seeking to equate one of their diplomats accused of spying with the United States newsman who was, according to the administration, taken hostage, the Soviets mimicked that American reaction of frame-up. The Soviet spy suspect, Gennadi F. Zakharov, held a oews conference that generated this New York Times headline: "Zakharov Charges a 'Setup' by F.B.L" The Washington Post headline quoted the words spoken by Zakharov's Russian translator: "I Was Set Up."

The noun frame-up, along with its short form frame, is defined by Eric Partridge in his Dictionary of the Underworld as "a criminal act in which an innocent person is made to appear to be a criminal."

In the 16th century, the Middle English noun frame, meaning "a construction," gained a more sinister meaning of "contrivance," something fashioned to gain an advantage or undue profit. "He openeth our eyes," wrote Bishop Thomas Watson in 1558, "to see the frames of our enemyes."

Though frame as noun and verb is oot always pejorative - we proudly hail the framers of the Constitution — we take the downside of the word from uses like Shakespeare's "frame of villainies," In 1900, "He could arrange a 'frame-up" appeared in "The Powers That Prey." a book about crime by "Josiah Flynt" and "Francis Walton" (pseudonyms of Josiah F. Willard and Alfred Hodder), and

cry of the accused.

The noun setup, in the sense of entrapment," is much newer. In American slang, a setup was a billiards term for the opportune lie of the balls left for the next player, or the ice-and-soda fixings for a drink that needed only a shot of the patron's personal booze to turn into a highball. Since the 1920s, the notion of a semp being like the pins or ducks set up in a carnival booth to be knocked down has been used for boxers easily defeated. In the 1960s, the term was applied to people in general: the first use found so far is from The Baltimore Sun of

narcs get most guys on possession of narcotics — through set-ups."

Trumped-up should always be hyphenated to separate the past participle and the preposition. The compound is old, its etymology as uncertain as a trumpet that prepares nobody for hattle.

Oct. 13, 1968: "That's how the

The noun trumpet is imitative, from the Old High German trumba, and it is easy to see a connection with loud tooting in trump up. Bot Joseph Shipley in his Dictionary of Word Origins tells us that the trump in eards "is short for triumph . . . the card game was called triumphe in French," and from the French trompe "came tromper, to cheat, whence trom-perie, cheating." From that might have come the English to trump, "to go one better." or to trump up, to deceive. Its first use in English to mean "forge" or "fabricate" was in 1695: "His Pouder being . . . disgraced, he was obliged to trump up another Medicine to supply its De-

President Reagan, in a recent speech to the United Nations, married "fabricated accusations and trumped-up charges."
The Latin fabrica means "work-

shop" or "structure," similar to frame; a connection exists with the turning-from-truth sense of "to frame or invent." "The whole story was fabricated," wrote John Moore in a 1779 commentary on European society, sounding much like Ronald Reagan today; that is also the sense of cut out of the whole cloth, fabric that is defined by the OED as "a piece of cloth of the full size as manufactured, as distinguished from a piece that may be cut off or out of it for a garment. New York Times Service

# Novelist P.D. James: The Queen of Crime

By Julian Symons ONDON — "The bodies were discovered at 8:45 on the morning of Wednesday 18 September by Miss Emily Wharton, a 65-year-old spinster of the parish of St Matthew's in Paddington. London, and Darren Wilkes, aged

These are the opening lines of P. D. James's new book, "A Taste for Death," and they are typical of her work in their factual exactness, their brisk presentation of what we need to know about two characters who are there not just to discover corpses. The bodies, of a tramp and a Member of Parliament, are in the little vestry of the church. The scene is hourific, the room a shambles, blood everywhere. And it is all garishly lit by the long fluorescent tube that disfigures the little vestry's ceiling. Brightening the blood, making the figures seem unreal, the ghastly ight is the particular James touch that makes the reader shudder a

"A Taste for Death" is the long-est, most ambitious and the best of Phyllis Dorothy James's 10 novels. Her first, "Cover Her Face," was written 25 years ago under the influence of the work of Dorothy L. Sayers, and for a while James stayed in the gentlemanly (or ladylike) tradition of the Brit-ish detective story. She broke away from it decisively in 1980 with "Imnocent Blood," which contains no puzzle element at all. And oow, in the new book, she has blended a whodunit and a fully realized modern novel. In Britain it has been given the long, respectful reviews generally accorded only a major novelist. In the United States Alfred A. Knopf will publish it on Nov. 1, and it is already a main Book-of-the-Month Club selection, and has been sold to Warner Books for

The Queen of Crime - a title awarded by publishers, which she would never dream of claiming for herself -lives in an elegant house in London's Holland Park, There, in a partly covered patio garden, we talked about her books, her life, her feelings about detective stories, and about Adam Dalg-

mass-market reprint for a sum

said to be in the high six figures.

liesh, the central character in most of her novels. Dalgliesh, who began as a de-

tective chief inspector and, by her sixth novel "The Black Tower," had risen through the ranks to commander, appears once again in "A Taste for Death." He is a dedicated professional policeman, apremely efficient, sensitive but with reticence verging on coldness in personal matters. In James's first book we are told that Dalg-hesh's wife died in childbirth, his infant son shortly thereafter. His withdrawal from any subsequent

almost total. "I wanted him to be something more than just a policeman, you see, a complex and sensitive human being. Perhaps that's partly why I also made him a well-known poet, though I've only dared to quote a few lines he wrote, and that was in an early book. What else? I wanted him to be quite obviously very intelligent. I hope I'm not any kind of snob, but if I am - and I suppose we're all snobbish about something or other - I'm an intellectual snoh. I do like clever people, and I admire intellect.

If one were creating a character sketch of James purely from a reading of her books, it would be of a cool, collected figure, friendly enough, but probably difficult to know and talk to. But that is not the person who opens the door when you go up the steps and ring the doorbell of her house. She smiles, arms outstretched in greeting, and says, "How lovely to see you, dear." Fellow crime writers, asked for a word or phrase to describe her, said "hospitable," estable her, sain hospitales, "unpretentious," "marvelously entrovert," "wonderfully friend-ly," all of which are on the mark, Yet they do not convey her utter lack of affectation and pretension, or the way she radiates good nature and pleasure in whatever she is doing.

"A Taste for Death" introduces the prickly but likable Inspector Kate Miskin, who seems destined to have a part in a future novel. In James's books, women of very different ages and social class are treated with onderstanding and in considerable depth.

The anthor lives alone, except



"A crime story should be in favor of rationality."

for two recently acquired Burmese . appeal. She has recently become kittens. Her emotional life is strongly linked to her two daughters and their families - she has five grandchildren — who often

It has been four years since her previous book, "The Skull Beneath the Skin," was published. Before sitting down to write, she spends considerable time going around with a notebook. The length of her research varies, but "I always seem to know," she says, when the time comes to begin

Her favorite povelist is Jane Austen, whom she rereads every year, and she names Trollope and George Eliot among others who American novelists? No.

immersed in Henry James. It is no surprise, perhaps, that she doesn't much care for Dickens: "I sup-

pose I'm a classicist, not a roman-

ic. I don't really like the caricatures he makes of characters." Among modern novelists: "I like Penclope Lively, Margaret Drabble, Amita Brookner, I think C. P. Snow's 'The Masters' is a fine novel, and I respect the whole achievement of the Strangers and Brothers' books, And I admire Graham Greene and Evelyn Waugh, admiration rather than enjoyment, although I think Waugh was a wonderful stylist."

Joyce and his followers, modern

long way back. She is in her middle 60s, and says with typical cheerful common sense that she has at most four more books left to write. Her immense success has come in the last decade, with the publication in 1977 of "Death of an Expert Witness," followed three years later by "Innocent Blood," which was a best seller in the United States. Before that she sold well enough, but not in such numbers that she felt ready to give up her demanding and enjoyable job as a administrator in the criminal policy department of the Home Office. That job was a triumphant culmination to a life that

The difficult times are now a

had contained more pain, unhap-piness and struggle than most. James was 19 when World War Il began, and not quite 21 when she married Dr. Connor Bantry White, who served during the war in the Royal Army Medical Corps. She looked after their two daughters, born in 1942 and 1944, and waited for her husband to come home. But White returned from army service a mentally sick man, suffering from what was eventually diagnosed as schizo-phrenia. Until his death in 1964, he was in and out of mental hospi-

The later 1940s are a period she doesn't like to talk about. Her husband received no war pension, and the family was extremely poor. She went to evening classes and studied hospital administration, and she got a job as a clerk, which still left the family close to

In 1968, already the author of three novels, she took an examination for a senior civil servant position in the Home Office. Her work has been immensely useful to her as a crime writer. She was responsible for the appointment of scien-tists and pathologists to all of England's forensic research laboratories - a role that put her in touch with police anthorities throughout the country — and an adviser to ministers on the intricate legal problems relating to ju-

"A Taste for Death" is ber best book in part because she has imagined in detail the settings in which she has placed even minor

characters. One lives in a dismally ordinary block of modern flats, brought to life for us by the observation of twin flower beds outside, filled with variously colored dahlias that "glare upwards like a bloodshot eye" at the inhabitants.

Although James hopes her own books will be treated as more than light entertainment, she is quite undogmatic about whether a crime story should be serious or frivolous

"I don't think there's any one thing it should be. If it's to satisfy readers it must be excellent of its kind, and there are several kinds, I very much enjoy Edmund Crispin. who's extremely frivolous, with a marvelous comic sense. I like Sayers in spite of her social snobbery She wrote very well. Agatha Christie wrote badly, but I respect her ingenuity. I take a lot of pleasure in Dick Francis. I don't like Patricia Highsmith's books about Tom Ripley, a psychopath who is made the hero. I think a crime story should be in favor of rationality. That's what the form is all

Among Americans, she admires Raymond Chandler, Ross Mac-Donald and particularly Dashiell Hammett, who "at his best was a very fine novelist," she says. "I ven't read Elmore Leonard. And of course I couldn't write like an American, or like any of the others for that matter. But I don't think that's the way to put it. Our books are an expression of our personalities. I write detective stories. I hope they're novels too, and I don't see any contradiction in that. But if I felt there was a contradiction, if the detective element got in the way of the novel and I had to sacrifice one or the other, then the detective element would have to go. I hope and believe I shan't have to make such a choice. I believe you write as you need to write, and you do the best you can with your particular talent. You're lucky enough to have been born with a gift, and you should be grateful for it."

Julian Symons is a British crime writer and critic and the author of "Bloody Murder," a history of the crime novel. This article was excerpted from The New York Times

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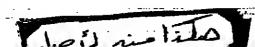
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